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International Personal Finance Plc
26 February 2025

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Full-year financial report for the year ended 31 December 2024

Principal activity

International Personal Finance is helping to build a better world through financial inclusion by providing affordable credit products and insurance services to underserved consumers across nine markets.

Profits ahead of guidance and full-year dividend up 11.1%

Positive outlook for 2025; further share buyback

Key highlights

Strong financial performance delivered in 2024 and increased returns to shareholders

- Pre-exceptional profit before tax of £85.2m[1] (2023: £83.9m), ahead of our guidance provided with the interim results[2].
- Record profit from Mexico home credit and IPF Digital's Mexico and Australia operations as well as record lending volumes in Hungary.
- Proposed increase of 11.1% in the final dividend to 8.0p per share (2023: 7.2p), resulting in full-year dividend growth of 10.7% to 11.4p per share (2023: 10.3p).
- Following successful completion of the £15m share buyback programme in the second half of 2024, the Group announces its intention to commence a further share buyback programme of up to £15m which is expected to be completed by the third quarter.

Robust credit demand and exceptional operational execution driving growth momentum

- Robust demand for our increasingly diverse product range drove 9% year-on-year customer lending growth.
- Growth of 7%[3] in closing net receivables with IPF Digital being the standout performer at 18%[3] and our Polish operations returning to growth in the final quarter.
- Excellent customer repayment performance and strong credit quality resulted in an improvement in the impairment rate to 9.6% (2023: 12.2%), well ahead of target.

Strong balance sheet and funding position will support future growth and returns

- Nearly £400m of funding secured in 2024, including the successful refinancing of the Eurobond.
- Significant headroom on undrawn funding facilities and non-operational cash balances of £138m to fund the Group's plans through to the end of 2025.
- Equity to receivables ratio of 54% (2023: 56%) underpins the Group's plans to accelerate growth and the pace of change whilst maintaining a progressive dividend policy.

Good progress with our Next Gen strategy to deliver on long-term growth opportunities

- Receipt of the full payment institution licence in Poland during the fourth quarter will accelerate growth in Poland in 2025 - over 200,000 credit cards now issued in Poland.
- Mexico home credit primed for stronger growth following actions taken in the two previously underperforming regions and a significant upgrade to a more flexible and resilient IT infrastructure.
- Mobile wallet customers in IPF Digital topped 115,000, an increase of over 50% year on year.
- Retail partnership credit available in 700 stores in Romania and 50 online retailers in Mexico as we continue to build out this exciting proposition.
- Significant opportunities continue to be available to expand our broad range of products into all of our markets, particularly through credit cards.

Group key statistics	**FY-24**	FY-23	YOY change
Customer numbers (000s)	**1,652**	1,700	(2.8%)
Customer lending (£m)	**1,214.5**	1,150.6	9.2%[3]
Closing net receivables (£m)	**870.0**	892.9	6.8%[3]
Pre-exceptional PBT (£m)[1]	**85.2**	83.9	1.5%
Statutory PBT (£m)	**73.3**	83.9	(12.6%)
Pre-exceptional EPS (pence)[1,4]	**24.9**	23.2	7.3%
Full-year dividend per share (pence)	**11.4**	10.3	10.7%

[1] *Prior to an exceptional charge of £11.9m in 2024 (see note 9 for details).*

[2] *Guidance provided with the interim results was expected full-year pre-exceptional PBT of between £78m and £82m.*

[3] *At constant exchange rates (CER).*

[4] *Prior to an exceptional tax credit of £17.4m in 2024 and an exceptional tax charge of £4.0m in 2023 (see note 9 for details).*

Gerard Ryan, Chief Executive Officer at IPF commented:

"I am very pleased to report significant progress across our Group in 2024. The ongoing execution of our Next Gen strategy has delivered good growth, and we provided over £1bn of credit to those who find it difficult to get finance from banks. Combined with very strong customer repayment performance, we delivered a pre-exceptional profit before tax of £85.2m, ahead of the guidance we provided at the interim results[2]. Reflecting the continued strong performance of the Group and the success of our strategy to realise the long-term growth potential of the business, the Board is pleased to declare an 11.1% increase in the final dividend to 8.0p, and our intention to commence a further share buyback programme of up to £15m, improving the efficiency of our balance sheet.

Beyond these strong financial results, we served our 15 millionth customer in September, a great sign of our ability and commitment to supporting underserved communities. My heartfelt thanks go to all our dedicated colleagues whose hard work ensures we continue to broaden access to fair and responsible credit across all our markets.

With good growth momentum and a strong balance sheet, we enter 2025 in an excellent position to accelerate both growth and the pace of change across the Group. Building on our track record of success, we will maintain our focus on serving those consumers who need us most and enhancing our customer experience, while pursuing growth opportunities with discipline and a clear focus on sustainable returns."

Alternative performance measures

This full-year financial report provides alternative performance measures (APMs) which are not defined or specified under the requirements of International Financial Reporting Standards. We believe these APMs provide stakeholders with important additional information on our business. To support this, we have included an accounting policy note on APMs in the notes to this financial report, a glossary indicating the APMs that we use, an explanation of how they are calculated and how we use them, and a reconciliation of the APMs we use to a statutory measure, where relevant.

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Investor and analyst webcast

International Personal Finance will host a webcast of its 2024 full-year results presentation at 09.00hrs (GMT) today - Wednesday 26 February, which can be accessed here.

A copy of this statement can be found on our website at www.ipfin.co.uk.
Legal Entity Identifier: 213800II1O44IRKUZB59

Chief Executive Officer's review

Group performance

The Group delivered another very strong operational and financial performance in 2024, underpinned by excellent credit quality. Our unwavering commitment to our customers and focused execution of our Next Gen strategy drove a £1.3m (1.5%) increase in pre-exceptional profit before tax to £85.2m (2023: £83.9m), despite a £5m year-on-year foreign exchange translation headwind from weaker currencies, particularly in Mexico and Hungary. Our Mexican home credit and Australia and Mexico digital businesses all delivered record profits, whilst in Hungary we delivered record lending volumes. Another notable milestone was that our home credit and digital businesses in Poland returned to receivables growth in the final quarter, and having received our full payment institution licence in November, we are now well set on our trajectory to regrow the Polish business.

Customer demand for our expanding range of products remained strong in our markets, demonstrated clearly by the significant milestone of serving our 15 millionth customer during the year. Customer lending grew by 9% (at CER) year-on-year and receivables grew by 7% (at CER) with European home credit and IPF Digital both delivering in line with our plans. The only division which delivered lower than expected growth in the year was Mexico home credit, where ongoing instability in our front-end lending technology led to our decision to upgrade our IT infrastructure in the final quarter. This resulted in some temporary disruption which impacted the rate of growth in this market. Following successful completion of the upgrade, the business is now back to delivering year-on-year growth and performing in line with our expectations. We have strong momentum throughout the Group, and this gives us confidence that we will deliver an acceleration in growth in 2025 as we continue to execute against our Next Gen strategy.

Strong repayment performance and excellent credit quality drove a reduction in the Group's impairment rate from 12.2% to 9.6% and this was a key component in increasing our pre-exceptional return on required equity (RoRE) by 0.9ppts year on year to 15.7%, in line with our Group target range of 15% to 20%.

The Group is very well-capitalised, with a strong balance sheet recently bolstered by the successful refinancing of our €341m Eurobond in June. This, along with additional £103m of bank funding secured during the year, resulted in significant headroom of £138m on our debt facilities as at 31 December 2024. Our robust funding position and headroom supports our ambitious growth plans through to the end of 2025.

The Group's equity to receivables ratio was 54% at December 2024 (2023: 56%) compared with our target of 40%. As part of our strategy to optimise our balance sheet, we successfully completed a £15m share buyback programme in the second half of the year and today announce our intention to commence a further share buyback programme of up to £15m, which is expected to be completed by the third quarter.

Our strong 2024 performance fully supports an 11.1% increase in the proposed final dividend to 8.0p (2023: 7.2p) per share, in line with our progressive dividend policy. Together with the interim dividend of 3.4p (2023: 3.1p) per share the total dividend for 2024 has increased by 10.7%.

Full details of the Group financial performance are detailed in the financial review section.

Purpose and strategy

Our purpose is to build a better world through financial inclusion. With 1.7 million customers across nine countries, we aim to grow this to 2.5 million, extending access to affordable financial products to support significantly more underserved consumers.

We have made a strong start to our Next Gen strategy which we launched early in 2024, with the business aligned on delivering its three core strategic priorities:

1. Next Gen financial inclusion

We aim to increase our reach to appeal to more consumers by expanding our geographic footprint, increasing our product range and growing the number of channels through which customers can access our offers:

- *Accelerating credit cards* - The granting of a full payment institution license in Poland in November will enable us to accelerate growth of our credit card offering in the year ahead. We have now issued over 200,000 credit cards, up from 130,000 at the end of 2023, with 150,000 active customers who are using their cards increasingly in stores and on-line. Based on our experience to date, we are developing plans to expand the proposition into other European markets which we plan to announce with our 2025 half year results.

- *Expanding in Mexico* - We continued to expand our geographic footprint in this growth market with a new branch opening in Mexicali, northern Mexico in June. We also plan to open two new branches in 2025, and all our branches launched in the past two years are performing well.

- *Building distribution channels through strategic partnerships* - We expanded our retail credit partnership significantly in 2024, an offering which provides finance for consumers at the point of purchase. In Romania, we now offer in-store credit at nearly 700 retail outlets, up from 160 at the end of 2023. Our test of this distribution channel in Mexico is also gaining traction and we now offer credit in more than 50 online retailers.

- *Growing our mobile wallet in IPF Digital* - We enhanced our mobile wallet with the addition of a digital credit health monitor, which leverages internal and external data to help customers manage their credit profiles and behaviours more effectively, and keep their credit score in good standing. The number of mobile wallet users has more than doubled to over 115,000 in the past 12 months, and they now represent around half of IPF Digital's customer base.

2. Next Gen organisation

We are becoming a smarter, more efficient organisation that makes a positive impact on society:

- *Field transformation* - We implemented a new structure for our European home credit division to standardise processes across the four markets, laying the foundation for unified systems that will simplify our technology estate and enhance efficiency.

- *Supporting our communities* - We invested £920,270 in community support and assisted thousands of people through our global community investment programme 'Invisibles' which helps people from those segments of society who struggle to have their needs recognised gain access to financial services and become visible to influential stakeholders who can provide practical help.

- *Being a great place to work* - We received recognition through a variety of awards demonstrating our commitment to our colleagues, gaining Top Employer in Poland and Wellbeing Employer of the Year in Romania, in addition to awards for great customer care and innovation.

3. Next Gen technology and data

We are investing in the capabilities required to become a data-driven and technology-enabled partner for our customers:

- *Customer app rollout* - Building on the success of our mobile app in Poland, we launched an app in Mexico, providing customers with a convenient and accessible way to manage their finances. By the end of the first quarter of 2026, the app will be available across all our home credit markets.

- *Offering omnichannel touchpoints* - In 2024, we expanded our Xenia customer experience programme into Poland and the Czech Republic, building on its success in Romania. This is transforming our European home credit operations, integrating multiple customer touchpoints to provide a unified, 360-degree view of customers.

- *Integration of AI* - The potential of AI is transformative, and we are at an early stage in developing its use in lead management and call centre efficiency, automated affordability checks and AI-driven processes to integrate data across our different platforms.

In 2025, we will continue with the above activities as well as accelerate the pace of change as we continue to upgrade and simplify our IT estate to make us more productive, cost efficient, secure and agile.

Regulatory update

As previously reported, the new total cost of credit cap in Romania came into force on 11 November 2024. Our Romanian business has adapted its product offering to customers in accordance with the new cap and we do not expect the impact to be material to the Group's results.

Following a two-year process, in November 2024, our Polish home credit business was granted a full payment institution licence from the Polish financial supervision authority, the Komisja Nadzoru Finansowego. This represented a significant step forward as the previous licence restricted the amount of credit our Polish business could issue and now, with the new licence, we can accelerate growth in Poland.

Our business in the Czech Republic, which is our smallest operation, has remained our only European market without a rate cap. Earlier this month, a public consultation document for the adoption of the EU Consumer Credit Directive 2 (CCD2) contained a proposal for the introduction of a rate cap. We are working with industry groups to ensure that any rate cap is appropriate and assists the provision of responsibly provided credit to those in need. The Group has demonstrated a strong track record in adapting to regulatory changes, including new rate caps.

The Digital Operations Resilience Act (DORA) took effect from 17 January 2025. The requirements cover, amongst other things, the management of IT and security risk, disaster recovery plans and third-party supplier risk. We introduced the necessary enhancements to our risk and governance process to meet the requirements of DORA in advance of the deadline.

Dividend

Reflecting the continued strong performance of the Group and our strategy to realise the long-term growth potential of the business, the Board is pleased to declare an 11.1% increase in the final dividend to 8.0p per share (2023: 7.2p). This is in line with our progressive dividend policy and brings the full-year dividend to

11.4p per share (2023: 10.3p), an increase of 10.7% compared with 2023 and represents a pre-exceptional payout rate of 46% (2023: 44%). Subject to shareholder approval, the 2024 final dividend will be paid on 12 May 2025 to shareholders on the register at the close of business on 11 April 2025. The shares will be marked ex-dividend on 10 April 2025.

Share buyback

The Group's financial model is to deliver a target RoRE of between 15% and 20%, which supports a minimum dividend payout ratio of 40%, funds receivables growth of up to 10% per annum, whilst maintaining an equity to receivables ratio at 40%. This financial framework ensures that capital is only allocated where it can deliver appropriate returns to shareholders whilst also balancing the needs of all our stakeholders.

As a result of the Group's strong capital position and favourable financial performance, the Board announced a share buyback programme of £15m with the half year results in July 2024, which was successfully completed in November.

The Group continues to have a very strong capital position with an equity to receivables ratio of 54% at December 2024, compared with our target of 40%. After assessing the Group's current trading performance, cash generation and future growth plans, the Board announces its intention to commence a further share buyback programme of up to £15m, which is expected to be completed by the third quarter. This will promote capital efficiency based on an assessment of any surplus capital beyond that necessary to deliver future growth and fund the Group's progressive dividend.

Outlook

Our strong operational and financial performance in 2024, together with our strong balance sheet, lays the foundation for accelerating the rate of growth and the pace of change in 2025 as we continue to execute against our Next Gen strategy.

In Poland, the receipt of the full payment institution licence enables us to accelerate its return to growth whilst in Mexico home credit, where we have upgraded our IT systems infrastructure, we anticipate strong demand to fuel growth and geographic expansion. Following an excellent performance in 2024, we expect IPF Digital will continue to build scale and deliver further strong growth in 2025, particularly in the very attractive Mexico and Australia markets. Additionally, further growth in our divisions will be driven by broadening our product set, further roll-out of mobile wallet in our digital markets and increasing our retail credit partnerships.

We will also drive change at a faster pace to enhance our ability to serve customers and improve operational efficiency. We are investing in technology to streamline customer journeys through apps and omnichannel touchpoints, understand how AI will support the business and develop platforms and processes to deliver efficiencies, enable innovation and support compliance with all local regulatory requirements.

Building upon our performance in recent years, we are focused on delivering our ambitious long-term vision to be the leading provider of financial services to underserved communities around the world, data-driven, technology enabled and always with the human touch. We are dedicated to turning this vision into reality, ensuring inclusive financial growth for all.

Financial review

Group

The strong momentum in performance built over the past three years, and now underpinned by the execution of our Next Gen strategy, resulted in good growth and exceptional customer repayment behaviour in the year. Pre-exceptional profit before tax of £85.2m was ahead of the guidance of between £78m and £82m we provided with the interim results and 1.5% up on last year (2023: £83.9m), despite an adverse year-on-year impact of £5m due to weaker foreign exchange rates in our geographies.

The full-year result includes exceptional one-off costs totalling £11.9m, comprising £6.1m of restructuring costs in European home credit and £5.8m of costs associated with refinancing the Group's Eurobond in June. Statutory profit before tax was therefore £73.3m (2023: £83.9m).

An analysis of the 2024 divisional results is shown below (2023 restated*):

	FY-24 £m	FY-23 £m	Change £m	Change %
European home credit*	**57.4**	67.7	(10.3)	(15.2)
Mexico home credit	**26.0**	23.1	2.9	12.6
IPF Digital*	**17.0**	8.1	8.9	109.9

Central costs	**(15.2)**	(15.0)	(0.2)	(1.3)
Pre-exceptional profit before taxation	**85.2**	83.9	1.3	1.5
Exceptional items	**(11.9)**	-	(11.9)	(100.0)
Profit before taxation	**73.3**	83.9	(10.6)	(12.6)

** As part of a change in management responsibility from the end of 2023 and as reported with the interim results, the nascent digital lending business in the Czech Republic, which was previously reported as part of European home credit, is now included in the results of IPF Digital. All comparatives have been amended accordingly and are presented on a like-for-like basis. The Czech Republic digital business contributed a loss of £2.6m for 2023.*

The detailed income statement of the Group, together with associated KPIs, is set out below:

	FY-24 £m	FY-23 £m	Change £m	Change %	Change at CER %
Customer numbers (000s)	**1,652**	1,700	(48)	(2.8)	
Customer lending	**1,214.5**	1,150.6	63.9	5.6	9.2
Average gross receivables	**1,327.5**	1,388.9	(61.4)	(4.4)	(1.6)
Closing net receivables	**870.0**	892.9	(22.9)	(2.6)	6.8
Revenue	**726.3**	767.8	(41.5)	(5.4)	(2.1)
Impairment	**(127.5)**	(169.4)	41.9	24.7	21.1
Revenue less impairment	**598.8**	598.4	0.4	0.1	3.2
Costs	**(443.2)**	(437.6)	(5.6)	(1.3)	(4.0)
Interest expense	**(70.4)**	(76.9)	6.5	8.5	6.0
Pre-exceptional profit before taxation	**85.2**	83.9	1.3	1.5	
Exceptional items	**(11.9)**	-	(11.9)	(100.0)	
Profit before taxation	**73.3**	83.9	(10.6)	(12.6)	
Revenue yield	**54.7%**	55.3%	(0.6) ppts		
Impairment rate	**9.6%**	12.2%	2.6 ppts		
Cost-income ratio	**61.0%**	57.0%	(4.0) ppts		
Pre-exceptional EPS[1]	**24.9p**	23.2p	7.3%		
Pre-exceptional RoE[1]	**11.5%**	11.1%	0.4 ppts		
Pre-exceptional RoRE[1,2]	**15.7%**	14.8%	0.9 ppts		

1 *Prior to a pre-tax exceptional charge of £11.9m, and an exceptional tax credit of £17.4m in 2024 and an exceptional tax charge of £4.0m in 2023 (see note 9 for more details).*

2 *Based on required equity to receivables of 40%.*

Group customer lending grew by 9% (at CER) driven by strong growth in IPF Digital and European home credit. Mexico delivered relatively modest growth due to disruption from an IT upgrade in the final quarter but has returned to expected levels of growth in early 2025.

Group net receivables closed the year up 7% (at CER) to £870.0m (2023: £892.9m), due particularly to strong growth of 18% in IPF Digital with European home credit and Mexico home credit delivering low single digits growth. Whilst receivables in Poland showed a year-on-year reduction of 10%, both the home credit and digital businesses have now returned to growth and delivered 6% receivables growth in the final quarter.

Customer numbers grew by 1% to 1.7m, excluding the impact of Poland, where customer numbers declined by 18%. As noted above, Poland is now returning to growth and with continued strong momentum from the Group's new products and channels we anticipate an acceleration in customer growth in 2025.

Delivery of our financial model is underpinned by the revenue yield, impairment rate and the cost-income ratio, and we continue to maintain a sharp focus on these key financial levers.

The annualised revenue yield decreased marginally from 55.3% to 54.7% in 2024. This reflects the impact of the introduction of the rate cap on credit cards in Poland in the first quarter. Excluding Poland, the revenue yield strengthened to 57.3%, in line with the Group's target range of 56% to 58%.
Customer repayments continued to be excellent in 2024 despite cost-of-living pressures on consumers and general global macro-economic instability. Our strong operational execution, together with a further reduction of £6m (2023: £5m) in the Group's cost of living provision, supported a 2.6ppt improvement in the annualised impairment rate to 9.6% (2023: 12.2%). The improved credit quality has resulted in a reduction in the impairment coverage provision from 36.3% at December 2023 to 32.9% at December 2024. With excellent credit quality across all our divisions, we are well positioned to accelerate growth in 2025.

We continue to maintain a strict focus on efficiency and cost control. The Group's cost-income ratio increased by 4.0 ppts to 61.0% (2023: 57.0%) wholly due to reduced revenue in Poland. Excluding Poland, the ratio of 55.4% was in line with 2023 as we invested in growth in the second half of the year as well as the resources and capability to accelerate change across the Group. Despite this investment, we remain committed to our medium-term target of 49% to 51% as we deliver increased growth, build scale and continue to execute on our cost efficiency programme.

The pre-exceptional RoRE improved by 0.9ppts to 15.7% (2023: 14.8%) as a result of improved profitability and a reduced tax rate of 35% (2023: 38%). We expect returns to moderate in 2025 due to strong receivables growth which results in extra IFRS 9 impairment charges up front and a modest increase in the tax rate. We expect returns to improve in 2026 before reaching target returns again in 2027. The Group's pre-exceptional RoE, based on actual equity, increased to 11.5% (2023: 11.1%).

Pre-exceptional earnings per share (EPS) grew 7.3% to 24.9p per share (2023: 23.2p), reflecting higher profits, a lower tax rate and a reduced number of shares in issue following successful completion of the £15m share buyback programme in the second half of the year. Reported EPS of 27.3p per share (2023: 21.5p) showed a larger increase of 27.0%, due to the impact of pre-tax exceptional charges of £11.9m being more than offset by an exceptional tax credit of £17.4m (see note 9 for more details).

Divisional performance

European home credit

	FY-24 £m	FY-23 £m	Change £m	Change %	Change at CER %
Customer numbers (000s)	**725**	754	(29)	(3.8)	
Customer lending	**662.1**	601.7	60.4	10.0	12.6
Average gross receivables	**706.0**	791.1	(85.1)	(10.8)	(8.9)
Closing net receivables	**459.6**	475.4	(15.8)	(3.3)	3.0
Revenue	**328.2**	375.9	(47.7)	(12.7)	(11.0)
Impairment	**(8.1)**	(35.6)	27.5	77.2	77.1
Revenue less impairment	**320.1**	340.3	(20.2)	(5.9)	(4.0)
Costs	**(225.1)**	(225.2)	0.1	-	(1.6)
Interest expense	**(37.6)**	(47.4)	9.8	20.7	19.1
Pre-exceptional profit before taxation[1]	**57.4**	67.7	(10.3)	(15.2)	
Revenue yield	**46.5%**	47.5%	(1.0) ppts		
Impairment rate	**1.1%**	4.5%	3.4 ppts		
Cost-income ratio	**68.6%**	59.9%	(8.7) ppts		
Pre-exceptional RoRE[1,2]	**19.9%**	21.6%	(1.7) ppts		

1 *Prior to a pre-tax exceptional charge of £6.1m and, in respect of RoRE, an exceptional tax credit of £1.1m in 2024, and an exceptional tax charge of £4.0m in 2023 (see note 9).*

2 *Based on required equity to receivables of 40%.*

European home credit performed very well in 2024, despite adapting to the new rate cap on credit cards in Poland which came into force in the first half of the year. Strong operational execution against our Next Gen strategy delivered good lending growth whilst maintaining excellent credit quality. The division reported pre-exceptional profit before tax of £57.4m (2023: £67.7m), down £10.3m, of which £2m was due to weaker foreign exchange rates in our European geographies. Excluding the adverse impact of foreign exchange rates, the result was ahead of the guidance provided with the 2023 full-year results where we expected a £10m profit impact due to the introduction of the rate cap on credit cards in Poland.

Consumer demand remained robust and supported the acceleration of customer lending growth through the year. Hungary, which delivered record lending, Romania and the Czech Republic collectively delivered lending growth of 12% (at CER), with momentum increasing from 8% growth in the first half to 17% in the second half. In Poland, lending trends improved significantly as the year progressed, recovering from a 5% year-on-year contraction in the first half to 36% growth in the second half (+13% for the year as a whole) and the business has now fully adapted to the combined impact of the lower rate caps and enhanced affordability assessments now required. The granting of the full payment institution licence in November will allow Poland to increase credit card lending volumes going forward.

Closing net receivables improved by 3% (at CER) to £459.6m (2023: £475.4m). This reflects strong growth of 13% (at CER) delivered by Hungary, Romania and the Czech Republic combined, partly offset by Poland's receivables which reduced by 13% (at CER) year on year. However, after stabilising in the third quarter, the increased lending volumes in Poland led to a 6% increase in receivables in the fourth quarter to just over £150m. Overall, with the strong momentum we are seeing in lending volumes we anticipate European home credit receivables growth in excess of 15% in 2025.

Customer numbers ended the year at 725,000, representing a year-on-year reduction of 3.8%. Hungary, Romania and the Czech Republic showed combined growth of 6% which was more than offset by a 18% reduction in Poland. Now that Poland has recommenced growth, we expect mid-single digit growth in customer numbers for European home credit in 2025.

The annualised revenue yield reduced modestly year-on-year by 1.0ppt to 46.5% (2023: 47.5%), wholly due to the re-pricing of credit cards in Poland. The yield is expected to remain stable in the year ahead.

The strong financial performance of European home credit was buoyed by excellent customer repayments across all four markets and a continued strong debt sale market. As a result of the excellent credit quality, the cost-of-living provision was reduced by £3.9m in the year and the impairment rate showed an improvement of 3.4ppts to 1.1% (2023: 4.5%). As the Polish business regrows in 2025, we expect the impairment rate to increase and then to normalise into the target range for European home credit of between 8% and 10% in the medium term.

Cost management continues to remain a priority. Due to the reduction in revenue yield in Poland together with investment in growth, the cost-income ratio increased from 59.9% in 2023 to 68.6% in 2024. As we maintain our cost efficiency programme and Poland regains scale, we remain focused on reducing the cost-income ratio to our target range of between 49% to 51% in the medium term.

As part of the ongoing transition of the Polish business, a restructuring of our field and head office organisation resulted in a reduction of 250 roles. As a result, the 2024 results reflect a one-off exceptional cost of £6.1m relating to redundancy payments and other associated costs.

As expected, the annualised pre-exceptional RoRE for the division decreased to 19.9% (2023: 21.6%), due to the reduction in profits. We anticipate that returns will further moderate in 2025 as we accelerate receivables growth leading to an increase in up front IFRS 9 impairment charges. We then expect returns to regrow in 2026.

European home credit remains the cornerstone of the Group's profitability and offers good opportunities for future growth, as demonstrated by the strong growth momentum in the second half of 2024. The full payment institution licence in Poland will underpin the acceleration of growth in this market as we rebuild scale and expand our credit card offering to both existing and new customers. We will also continue to expand our digital and retail partnership credit offering in Romania, and focus on customer acquisition and improving the customer journey across all markets. We are also committed to enhancing efficiency and unlocking synergies through technology deployment and the sharing of resources and best practices across the division.

Mexico home credit

	FY-24 £m	FY-23 £m	Change £m	Change %	Change at CER %
Customer numbers (000s)	**680**	716	(36)	(5.0)	
Customer lending	**289.2**	302.8	(13.6)	(4.5)	1.4
Average gross receivables	**306.9**	299.4	7.5	2.5	8.5
Closing net receivables	**159.4**	187.1	(27.7)	(14.8)	3.0
Revenue	**263.8**	261.6	2.2	0.8	7.1
Impairment	**(92.4)**	(96.7)	4.3	4.4	(2.0)
Revenue less impairment	**171.4**	164.9	6.5	3.9	10.0
Costs	**(131.0)**	(129.7)	(1.3)	(1.0)	(6.3)
Interest expense	**(14.4)**	(12.1)	(2.3)	(19.0)	(26.3)
Reported profit before taxation	**26.0**	23.1	2.9	12.6	
Revenue yield	**85.9%**	87.4%	(1.5) ppts		
Impairment rate	**30.1%**	32.3%	2.2 ppts		
Cost-income ratio	**49.6%**	49.6%	- ppts		
RoRE[1]	**24.4%**	20.7%	3.7 ppts		

1 *Based on required equity to receivables of 40%.*

Mexico home credit delivered record profit before tax of £26.0m (2023: £23.1m), underpinned by a return to target impairment levels and strong cost control. The year-on-year growth in profits of 12.6% was delivered despite an adverse impact from the weaker Mexican peso which reduced year-on-year profits by £2m.

While consumer demand for credit remains robust, year-on-year customer lending growth of 1% (at CER) and a 5% contraction in customer numbers to 680,000 were lower than our original expectations.

This was wholly due to a 6% year-on-year contraction in lending during the fourth quarter. Due to ongoing instability in our Provi Digital (the front-end lending technology used by our customer representatives) and customer app, we took the decision to upgrade to a more modern and resilient infrastructure to provide a more stable and secure base to accelerate growth in the future. This change disrupted our field activities for a period, but we are pleased to report that the upgraded technology was deployed in mid-January 2025 and the business has now returned to weekly year-on-year sales growth. With the added traction from the management actions implemented in the previously underperforming regions of Mexico City and Sureste, and the weak fourth quarter comparative, we expect to deliver lending growth in excess of 10% in 2025.

Our geographic expansion strategy continues to progress successfully. Our new branch opening in June in Mexicali and two branches in Tijuana and Tampico, which we opened at the end of 2022 and early 2023 respectively, are performing well and in line with our plan. Together they have attracted more than 17,000 customers to date. We plan to open another two branches in 2025.

Closing net receivables grew by 3% (at CER) to £159.4m, driving a 7% (at CER) increase in revenue. We expect much faster receivables growth of approximately 15% in 2025. While the revenue yield saw a moderate decline from 87.4% to 85.9%, this reflects the increase in the proportion of lending to existing good-quality customers compared with new customers as the receivables book grows. Existing customers tend to be served with higher value, longer duration loans which have a lower yield, but this is compensated for by better impairment outcomes.

Improving the impairment rate in Mexico was a key priority in 2024, and our team successfully achieved a rate in line with the target level of 30%. Focused actions to enhance the quality of receivables and promote positive repayment behaviour led to a 2.2ppt year-on-year improvement in the impairment rate to 30.1% (2023: 32.3%). The improvement in quality also led to a £1.2m reduction in the cost-of-living provision.

Despite the continued investment in geographic expansion and the investment to upgrade the IT infrastructure, the cost-income ratio remained in line with last year at 49.6% and is consistent with our 49% to 51% target range. Costs remain tightly controlled and we expect to maintain this ratio as we continue to grow the business.

Interest costs increased by 26.3% (at CER), reflecting both an 8.5% (at CER) increase in average gross receivables and higher funding costs of the Mexican business. Despite this increase, and the impact of the disruption in the fourth quarter, the strong financial fundamentals of Mexico home credit led to a 3.7ppt improvement in the RoRE to 24.4% (2023: 20.7%).

Mexico home credit represents a significant growth market for the Group and forms a key part of our Next Gen strategy. Our immediate focus in 2025 is to accelerate the rate of growth, supported by a more resilient and flexible IT infrastructure. We are committed to expanding our geographic footprint to attract more new customers and plan to open a further two new branches during the year and continue to grow those launched in recent years. We will also continue to prioritise sustainable, quality growth to deliver consistent and attractive returns, which has been an underpinning feature of the business over the last three years.

IPF Digital

	FY-24 £m	FY-23 £m	Change £m	Change %	Change at CER %
Customer numbers (000s)	**247**	230	17	7.4	
Customer lending	**263.2**	246.1	17.1	6.9	9.9
Average gross receivables	**314.6**	298.4	16.2	5.4	8.1
Closing net receivables	**251.0**	230.4	20.6	8.9	17.6
Revenue	**134.3**	130.3	4.0	3.1	6.1
Impairment	**(27.0)**	(37.1)	10.1	27.2	24.2
Revenue less impairment	**107.3**	93.2	14.1	15.1	17.9
Costs	**(72.0)**	(67.8)	(4.2)	(6.2)	(8.1)
Interest expense	**(18.3)**	(17.3)	(1.0)	(5.8)	(8.3)
Reported profit before taxation	**17.0**	8.1	8.9	109.9	
Revenue yield	**42.7%**	43.7%	(1.0) ppts		
Impairment rate	**8.6%**	12.4%	3.8 ppts		
Cost-income ratio	**53.6%**	52.0%	(1.6) ppts		
RoRE[1]	**11.4%**	5.6%	5.8 ppts		

[1] *Based on required equity to receivables of 40%.*

IPF Digital delivered very strong growth and a significantly improved financial performance, reporting a £8.9m (110%) increase in profit before tax to £17.0m (2023: £8.1m), despite a £1m year-on-year impact from weaker foreign exchange rates, particularly in Mexico. All our markets contributed improved performances, with Mexico and Australia delivering strong growth and record profit contributions while Poland successfully transitioned to operating under a tighter rate cap introduced late in 2023 and returned to growth during the second half of the year.

Customer demand for fully remote credit offerings continued to increase, driving year-on-year growth in customer numbers and customer lending of 7% and 10% respectively (both at CER), with strong performances in particular delivered by Mexico and Australia with 22% and 21% year-on-year growth in lending respectively. The Czech Republic delivered 15% growth in lending whilst the more mature markets in the Baltics delivered 3% growth. Poland saw a return to growth of 20% in the second half of the year following a reduction of 18% in the first half (-2% for the year as a whole).

Our growth strategy to build receivables and achieve target returns is delivering good results. Closing net receivables increased by 18% (at CER) to £251.0m (2023: £230.4m). Mexico, Australia and our emerging digital business in the Czech Republic were standout performers each delivering growth of more than 26%, while our more mature markets in the Baltics delivered 13% growth. In Poland, we are pleased to report that we saw a return to growth of 3% for the year as a whole, with growth of 6% to £38m being delivered in the last quarter. In 2025, we expect IPF Digital's overall receivables growth to be similar to 2024.

The revenue yield reduced modestly by 1ppt to 42.7% (2023: 43.7%), primarily due to lower rate caps introduced in Latvia and Poland at the end of 2022, as well as in Estonia which is recalculated biannually. These impacts were partially offset by the increasing proportion of receivables with a higher revenue yield in Mexico.

Customers continue to repay very well in all our digital operations and portfolio quality is very good. Together with a reduction in the cost-of-living provision of £1.4m, this has resulted in the impairment rate improving significantly by 3.8 ppts to 8.6% (2023: 12.4%). We anticipate that the medium-term impairment rate for IPF Digital will settle into the Group's target range of 14%-16% as Mexico becomes a bigger proportion of the receivables book.

Operating costs rose by 8.1% (at CER) as we invested in marketing and technology to drive customer acquisition and build scale. This investment together with the reduction in the revenue yield resulted in the cost-income ratio softening by 1.6ppts year on year to 53.6% (2023: 52.0%). We expect the cost-income ratio to improve toward our long-term target of approximately 45% for our digital division as we scale and leverage operational efficiencies.

IPF Digital's excellent performance in 2024 resulted in its RoRE strengthening year on year by 5.8 ppts to 11.4% (2023: 5.6%), reflecting our progress in building scale and maintaining strong credit quality. IPF Digital represents a significant long-term growth opportunity for the Group, particularly in Mexico and Australia. There are very attractive organic growth opportunities as well as good returns from our broad product set of digital instalment loans, revolving credit lines, mobile wallet and retail finance products. We will also consider inorganic opportunities to enhance scale and returns should a suitable opportunity arise. Based on our growth trajectory, our goal is to achieve returns at the lower end of our 15% to 20% Group target in 2027.

Taxation

The pre-exceptional taxation charge on the profit for 2024 is £29.8m, which represents an effective rate for the year of approximately 35% (2023: 38%). The lower tax rate in 2024 reflects a number of elements, including a reduction in the disallowable impairment in Poland partly as a result of being a payments institution as well as the availability of additional tax allowances on utilisation of brought forward tax losses in Mexico. We now expect the effective tax rate on an ongoing basis to be approximately 38%, lower than previous expectations of 40%.

The 2024 results reflect an exceptional tax credit of £17.4m (2023: exceptional tax charge of £4.0m), which comprises two items:

- In 2022, the Group recorded an exceptional tax charge of £15.2m following the derecognition of the non-current asset previously held in respect of the Group's financing company arrangements. This stemmed from the decision by the General Court of the European Union in June 2022 confirming the European Commission's earlier decision that the UK's Group Financing Exemption constituted partial illegal state aid. Following a favourable judgement of the European Court of Justice in favour of the UK on 19 September 2024, regulations have been issued (in force from 31 December 2024) requiring HMRC to put taxpayers back in the position they would have been in had the European Commission's Decision not been issued. Accordingly, the £15.2m previously derecognised has been reinstated resulting in an exceptional tax credit of £15.2m. Repayment of the tax is expected during 2025. In conjunction with the recognition of the exceptional tax credit, the Group has also included a contingent liability in respect of HMRC's review of the Group's finance company's compliance with certain conditions under the UK domestic tax rules to confirm whether the company is eligible for the benefits of the Group Financing Exemption which were claimed in historic tax returns (see note 22 to the financial information).

- An exceptional tax credit of £2.2m has been reflected in 2024 in respect of the total exceptional costs of £11.9m in connection with the refinancing of the Group's Eurobond (£5.8m) and restructuring in the Polish home credit business (£6.1m).

In 2022 and 2023, exceptional tax charges of £5.1m and £4.0m respectively were reflected in relation to a two-year temporary "extra profit special tax" in Hungary. We noted in the 2023 annual report that the temporary tax had been extended for an additional year and, therefore, a further £2m exceptional tax charge was expected to arise in 2024. However, the tax has now been extended into 2025 and, consequently, the "extra profit special tax" now forms part of our pre-exceptional tax charge.

Funding and balance sheet

We continue to have a very strong balance sheet and have extended our debt maturity profile materially in 2024.

As reported at the half year, we successfully refinanced the Group's €341m Eurobond through a tender offer in June well ahead of its maturity. The bonds have a coupon of 10.75% and a maturity of five and a half years. We redeemed €274m of the old bonds with €67m remaining outstanding and maturing in November 2025. Tender costs of £4.1m together with a £1.7m of unamortised fees in respect of the old bonds, resulted in an exceptional cost of £5.8m. The bonds are trading very well in secondary markets with a yield of around 8.5% - 9.0%.

In addition to the Eurobond refinancing, we secured £103m of bank facilities during the year of which £37m was new or increased facilities. We continue to have very strong and supportive relationships with 18 lending banks across our businesses and this is further demonstrated by £20m of facilities already being refinanced in early 2025.

As reported with our half year results, the Group redeemed the SEK 450m (c.£35m) of Nordic bonds in July, some three months in advance of their original maturity date.

The successful refinancing and bank extension process resulted in the Group having total debt facilities of £657m at the end of December 2024, consisting of £441m of bonds and £216m of bank facilities. Total borrowings amounted to £524m and headroom, consisting of undrawn facilities and non-operational cash balances, amounted to £138m. The average maturity profile of the Group's debt facilities now stands at 3.0 years, up from 2.0 years at December 2023. Approximately £490m of the Group's debt funding now matures beyond 2025. The Group's current funding and cash generation supports the Group's growth plans through to the end of 2025.

Our blended cost of funding in 2024 was 13.3%, lower than 14.0% in the prior year. This was due to a reduction in interest rates across our markets as well as lower costs of hedging as interest differentials narrowed, offset partly by the headline rate of the new 2029 Eurobond being 100bps higher than the old 2025 bond. Approximately 30% of our debt facilities are at variable rates compared with 20% of our revenues, which are subject to interest-linked rate caps. We expect the Group's funding rate to be broadly stable in 2025 as the higher cost of the 2029 Eurobond is offset by the impact of the downward trend in interest rates.

Following the successful refinancing of the Eurobond, Fitch upgraded the Group's long-term credit rating from BB- to BB with the outlook remaining Stable. Our credit rating from Moody's Investment Services remained unchanged at Ba3 (Outlook Stable).

At the end of December, the Group's equity to receivables ratio was 54% (2023: 56%), compared with our target of 40%. Despite strong capital generation, we have seen a 2 ppt reduction in the ratio in 2024 due to the successful completion of the £15m share buyback programme in the second half of the year as well as foreign exchange losses of £57m taken to reserves, primarily due to the weakening of the Mexican Peso (c.20%) and Hungarian forint (c.10%). Our strong capital position supports: (i) the Group's ambitious growth plans; (ii) our intention to commence a further share buyback programme of up to £15m; and (iii) the Group's progressive dividend policy through to the point at which we are delivering our target returns and operating in line with our financial model in 2027.

The Group's gearing ratio was 1.2 times (2023: 1.1 times) at the end of the year, comfortably within our covenant limit of 3.75 times, and our interest cover covenant was 2.6 times (2023: 2.5 times), compared with our covenant limit of 2.0 times.

International Personal Finance plc

Consolidated income statement for the year ended 31 December

	Notes	**2024** **£m**	2023 £m
Revenue	4	**726.3**	767.8
Impairment	4	**(127.5)**	(169.4)
Revenue less impairment		**598.8**	598.4
Interest expense	5	**(70.4)**	(76.9)
Other operating costs		**(135.1)**	(128.7)
Administrative expenses		**(308.1)**	(308.9)
Total costs		**(513.6)**	(514.5)
Profit before taxation and exceptional items	4	**85.2**	83.9
Exceptional items	9	**(11.9)**	-
Profit before taxation		**73.3**	83.9
Tax income/(expense)			
- UK		**0.2**	0.7
- Overseas		**(30.0)**	(32.6)
Tax expense before exceptional items	6	**(29.8)**	(31.9)
Exceptional tax income/(expense)	6, 9	**17.4**	(4.0)
Total tax expense		**(12.4)**	(35.9)
Profit after taxation attributable to owners of the Company		**60.9**	48.0

Earnings per share - statutory

	Notes	**2024** **pence**	2023 Pence
Basic	7	**27.3**	21.5
Diluted	7	**25.9**	20.2

Earnings per share - before exceptional items

	Notes	**2024** **pence**	**2023** **Pence**
Basic	7	**24.9**	**23.2**
Diluted	7	**23.5**	**21.9**

The notes to the financial information are an integral part of this consolidated financial information.

Consolidated statement of comprehensive income for the year ended 31 December

	2024 **£m**	**2023** **£m**
Profit after taxation attributable to owners of the Company	**60.9**	48.0
Other comprehensive (expense)/income		
Items that may subsequently be reclassified to income statement:		
Exchange losses/gains on foreign currency translations	**(57.3)**	22.8
Net fair value (losses)/gains - cash flow hedges	**(0.4)**	0.1
Tax credit on items that may be reclassified	**0.1**	-
Items that will not subsequently be reclassified to income statement:		
Actuarial (losses)/gains on retirement benefit obligation	**(2.0)**	3.9
Tax credit/(charge) on items that will not be reclassified	**0.5**	(1.0)
Other comprehensive (expense)/income net of taxation	**(59.1)**	25.8
Total comprehensive income for the year attributable to owners of the Company	**1.8**	73.8

The notes to the financial information are an integral part of this consolidated financial information.

Balance sheet as at 31 December

	Notes	**2024** **£m**	2023 £m
Assets			
Non-current assets			
Goodwill	10	**22.6**	23.6
Intangible assets	11	**37.1**	32.3
Property, plant and equipment	12	**14.0**	16.0
Right-of-use assets	13	**17.7**	21.7
Amounts receivable from customers	15	**245.6**	203.3
Deferred tax assets	14	**106.7**	131.7
Retirement benefit asset	18	**4.4**	6.1
		448.1	434.7
Current assets			
Amounts receivable from customers	15	**624.4**	689.6

Derivative financial instruments	17	**2.6**	2.9
Cash and cash equivalents		**27.6**	42.5
Other receivables		**22.9**	16.0
Current tax assets		**16.1**	3.3
		693.6	754.3
Total assets		**1,141.7**	1,189.0
Liabilities			
Current liabilities			
Borrowings	16	**(92.8)**	(52.2)
Derivative financial instruments	17	**(1.6)**	(4.4)
Trade and other payables		**(125.1)**	(132.9)
Provisions for liabilities and charges	19	**(2.8)**	-
Lease liabilities	13	**(8.1)**	(8.3)
Current tax liabilities		**(6.0)**	(7.3)
		(236.4)	(205.1)
Non-current liabilities			
Deferred tax liabilities	14	**(4.1)**	(7.1)
Lease liabilities	13	**(11.8)**	(15.3)
Borrowings	16	**(423.1)**	(459.6)
		(439.0)	(482.0)
Total liabilities		**(675.4)**	(687.1)
Net assets		**466.3**	501.9
Equity attributable to owners of the Company			
Called-up share capital		**22.5**	23.4
Other reserve		**(22.5)**	(22.5)
Foreign exchange reserve		**(25.3)**	32.0
Hedging reserve		**(0.1)**	0.2
Own shares		**(24.9)**	(36.7)
Capital redemption reserve		**3.2**	2.3
Retained earnings		**513.4**	503.2
Total equity		**466.3**	501.9

The notes to the financial information are an integral part of this consolidated financial information.

Statement of changes in equity

	Called-up share capital £m	Other reserve £m	Other reserves* £m	Retained earnings £m	Total equity £m
At 1 January 2023	23.4	(22.5)	(31.7)	476.0	445.2
Comprehensive income:					
Profit after taxation for the year	-	-	-	48.0	48.0
Other comprehensive income/(expense):					
Exchange gains on foreign currency translation	-	-	22.8	-	22.8
Net fair value gains - cash flow hedges	-	-	0.1	-	0.1
Actuarial gain on retirement benefit obligation	-	-	-	3.9	3.9
Tax charge on other comprehensive income	-	-	-	(1.0)	(1.0)
Total other comprehensive income	-	-	22.9	2.9	25.8
Total comprehensive income for the year	-	-	22.9	50.9	73.8
Transactions with owners:					
Share-based payment adjustment to reserves	-	-	-	4.3	4.3
Deferred tax on share-based payment transactions	-	-	-	0.5	0.5
Shares acquired by employee trust	-	-	(0.4)	-	(0.4)
Shares granted from treasury and employee trust	-	-	7.0	(7.0)	-
Dividends paid to Company shareholders	-	-	-	(21.5)	(21.5)
At 31 December 2023	23.4	(22.5)	(2.2)	503.2	501.9
At 1 January 2024	**23.4**	**(22.5)**	**(2.2)**	**503.2**	**501.9**
Comprehensive income:					
Profit after taxation for the year	-	**-**	**-**	**60.9**	**60.9**
Other comprehensive (expense)/income:					
Exchange losses on foreign currency translation	**-**	**-**	**(57.3)**	**-**	**(57.3)**
Net fair value losses - cash flow hedges	-	**-**	**(0.4)**	**-**	**(0.4)**
Actuarial losses on retirement benefit obligation	-	-	**-**	**(2.0)**	**(2.0)**
Tax credit on other comprehensive expense	-	-	**0.1**	**0.5**	**0.6**
Total other comprehensive expense	**-**	**-**	**(57.6)**	**(1.5)**	**(59.1)**
Total comprehensive (expense)/income for the year	**-**	**-**	**(57.6)**	**59.4**	**1.8**
Transactions with owners:					
Share-based payment adjustment to reserves	**-**	**-**	**-**	**2.9**	**2.9**
Acquisition of own shares	**(0.9)**	**-**	**0.9**	**(15.1)**	**(15.1)**
Share acquired by employee trust	**-**	**-**	**(1.3)**	**-**	**(1.3)**
Shares granted from treasury and employee trust	**-**	**-**	**13.1**	**(13.1)**	**-**
Dividends paid to Company shareholders	**-**	**-**	**-**	**(23.9)**	**(23.9)**
At 31 December 2024	**22.5**	**(22.5)**	**(47.1)**	**513.4**	**466.3**

** Includes foreign exchange reserve, hedging reserve, capital redemption reserve and amounts paid to acquire shares held in treasury and by employee trust.*

Cash flow statement for the year ended 31 December	**2024**	2023
	£m	£m
Cash flows from operating activities		

Cash generated from operating activities	**114.1**	193.4
Finance costs paid	**(72.3)**	(74.5)
Finance income received	**1.3**	-
Income tax paid	**(18.3)**	(33.1)
Net cash generated from operating activities	**24.8**	85.8
Cash flows from investing activities		
Purchases of intangible assets	**(17.8)**	(17.9)
Purchases of property, plant and equipment	**(6.4)**	(4.7)
Proceeds from sale of property, plant and equipment	**0.1**	-
Net cash used in investing activities	**(24.1)**	(22.6)
Net cash generated from operating and investing activities	**0.7**	63.2
Cash flows from financing activities		
Proceeds from borrowings	**313.2**	48.1
Repayment of borrowings	**(273.5)**	(87.3)
Principal elements of lease payments	**(12.2)**	(12.0)
Acquisition of own shares	**(15.1)**	-
Shares acquired by employee trust	**(1.3)**	(0.4)
Cash received on share options exercised	**0.2**	0.4
Dividends paid to Company shareholders	**(23.9)**	(21.5)
Net cash used in financing activities	**(12.6)**	(72.7)
Net decrease in cash and cash equivalents	**(11.9)**	(9.5)
Cash and cash equivalents at beginning of year	**42.5**	50.7
Exchange (losses)/gains on cash and cash equivalents	**(3.0)**	1.3
Cash and cash equivalents at end of year	**27.6**	42.5

1. Basis of preparation

The financial information, which comprises the consolidated income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and related notes, is derived from the full Group Financial Statements for the year ended 31 December 2024, which have been prepared in accordance with International Financial Reporting Standards ('IFRSs') and those parts of the Companies Act 2006 applicable to companies reporting under IFRS. It does not constitute full Financial Statements within the meaning of section 434 of the Companies Act 2006.

Statutory Financial Statements for the year ended 31 December 2023 have been delivered to the Registrar of Companies and those for 2024 will be delivered following the Company's annual general meeting. The auditor has reported on those Financial Statements: its reports were unqualified, did not draw attention to any matters by way of emphasis and did not contain statements under s498 (2) or (3) of the Companies Act 2006.

The directors are satisfied that the Group has sufficient resources to continue in operation for the foreseeable future, a period of not less than 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing this financial information (see note 24 for further details).

The accounting policies used in completing this financial information have been consistently applied in all periods shown. These accounting policies are detailed in the Group's Financial Statements for the year ended 31 December 2024 which can be found on the Group's website (www.ipfin.co.uk).

The following amendments to standards are mandatory for the first time for the financial year beginning 1 January 2024 but do not have any material impact on the Group:

- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: 'Disclosures: Supplier Finance Arrangements'
- Amendments to IFRS 16 Leases: 'Lease Liability in a Sale and Leaseback'
- Amendments to IAS 1 Presentation of Financial Statements: Non-current Liabilities with Covenants

The following standards, interpretations and amendments to existing standards are not yet effective and have not been early adopted by the Group:

- IFRS 18 'Presentation and Disclosure in Financial Statements'
- IFRS 19 'Subsidiaries without Public Accountability: Disclosures'
- Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: 'Disclosures: Classification and Measurement of Financial Instruments'

Exceptional items

Exceptional items are items that are unusual because of their size, nature or incidence and which the directors consider should be disclosed separately to enable a full understanding of the Group's underlying results.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of Consolidated Financial Statements requires the Group to make estimates and judgements that affect the application of policies and reported accounts.

Critical judgements represent key decisions made by management in the application of the Group accounting policies. Where a significant risk of materially different outcomes exists due to management assumptions or sources of estimation uncertainty, this will represent a critical accounting estimate. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and judgements which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below.

Key sources of estimation uncertainty

In the application of the Group's accounting policies, the directors are required to make estimations that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical estimations, that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the Financial Statements.

Revenue recognition

The estimate used in respect of revenue recognition is the methodology used to calculate the effective interest rate (EIR). In order to determine the EIR applicable to loans an estimate must be made of the expected life of each loan and hence the cash flows relating thereto. These estimates are based on historical data and are reviewed regularly. Based on a 3% variation in the EIR (2023: 3%), it is estimated that the amounts receivable from customers would be higher/lower by £9.6m (2023: £9.7m). This sensitivity is based on historic fluctuations in EIRs.

Amounts receivable from customers

The Group reviews its portfolio of customer loans and receivables for impairment on a weekly or monthly basis. The Group reviews the most recent repayments performance to determine whether there is objective evidence which indicates that there has been an adverse effect on expected future cash flows. For the purposes of assessing the impairment of customer loans and receivables, customers are categorised into stages based on days past due as this is considered to be the most reliable predictor of future payment performance. The level of impairment is calculated using historical payment performance to generate both the estimated expected loss and also the timing of future cash flows for each agreement. The expected loss is calculated using probability of default (PD) and loss given default (LGD) parameters.

Recurring post-model overlays on amounts receivable from customers

Impairment models are monitored regularly to test their continued capability to predict the timing and quantum of customer repayments in the context of the recent customer payment performance. The models used typically have a strong predictive capability reflecting the relatively stable nature of the business and therefore the actual performance does not usually vary significantly from the estimated performance. The models are ordinarily updated at least twice per year. Where the models are expected to show an increase in the expected loss or a slowing of the future cashflows in the following 12 months, an adjustment is applied to the models. At 31 December 2024, this adjustment was a reduction in receivables of £7.9m (2023: reduction of £9.0m).

Post model overlays (PMOs) on amounts receivable from customers

2024	Cost of living	Hungary moratorium	Poland non-interest

	Cost-of-living PMO £m	moratorium PMO £m	interest PMO £m	Total PMOs £m
Home credit	**6.7**	**1.1**	**-**	**7.8**
IPF Digital	**1.8**	**-**	**-**	**1.8**
Group	**8.5**	**1.1**	**-**	**9.6**

2023	Cost-of-living PMO £m	Hungary moratorium PMO £m	Poland non-interest PMO £m	Total PMOs £m
Home credit	11.9	2.1	6.0	20.0
IPF Digital	3.2	-	-	3.2
Group	15.1	2.1	6.0	23.2

The second half of 2024 and early 2025 has been characterised by global market volatilities including various elections, notably the US election and resultant policy of high tariffs, as well as the ongoing wars in Ukraine and the Middle East. It is likely that these factors will impact customer repayment behaviour. A full assessment of the impact of the global economic volatility has been performed and concluded that it is likely to result in increased risks across both the home credit and IPF Digital businesses. PMOs have been established and based on management's current expectations the impact of these PMOs was to increase impairment provisions at 31 December 2024 by a further £8.5m (2023: £15.1m). The reduction in the year reflects strong credit quality and operational execution as well as an improvement in inflation rates in the Group's markets. In order to calculate this PMO, country-specific expert knowledge, informed by economic forecast data to estimate the increase in losses, has been used. This represents management's current assessment the impact that the global economic volatility may have on the Group's customer receivables, however given the levels of uncertainty in this area, the impact (if any) may be greater or lower than the amount determined.

The Hungarian debt moratorium, which initially began in March 2020, ended in December 2022. There remains a small proportion of the portfolio that has at some point been in the moratorium. Given the age of these loans, PMOs have been applied to the impairment models in order to calculate the continued risks that are not fully reflected in the standard impairment models. Based on management's current expectations, the impact of these PMOs was to increase impairment provisions at 31 December 2024 by £1.1m (2023: £2.1m). In order to calculate the PMO, the portfolio was segmented by analysis of the most recent payment performance and, using this information, assumptions were made around expected credit losses. This represents management's current assessment of a reasonable outcome from the actual repayment performance on the debt moratorium impacted portfolio.

In late February 2024, we received a letter from the KNF issued to all regulated lenders operating in the Polish credit card market setting out its current expectations on how charging practices for credit cards should be subject to limits on non-interest costs, the need to differentiate between different costs charged by credit card issuers which are subject to caps and those fees which are not subject to a cap and lastly how issuers should approach more broadly the question of calculating and assessing fees which are not subject to specific legal limits. Based on the expectations set out in the letter, management performed an assessment of the expected future cashflows from the Polish credit card receivables book at the 31 December 2023 and determined that a PMO of £6.0m was necessary. This represented management's best estimate of a reasonable outcome after discounting the expected cashflows at the original effective interest rate. For the 2024 amounts receivable from customers, this change in pricing has been built into the underlying calculation, and hence no PMO is required.

Accounting for credit card receivables

As at December 2024, the Group does not yet have sufficient historical credit card data in order to fully calculate an expected loss provision for the credit card receivables portfolio. The credit card receivables portfolio is behaving similarly to the instalment loan portfolio in Poland, and consequently some parameters from the instalment loan portfolio have been used to calculate an expected loss provision and value the credit card receivables portfolio. Based on a 10% variation in expected loss parameters, it is estimated that the amounts receivable from customers would be higher/lower by £1.4m.

Tax

Estimations must be exercised in the calculation of the Group's tax provision, in particular with regard to the existence and extent of tax risks.

Deferred tax assets arise from timing differences between the accounting and tax treatment of revenue and impairment transactions and tax losses. Estimations must be made regarding the extent to which timing differences reverse and an assessment must be made of the extent to which future profits will be generated to absorb tax losses. A shortfall in profitability compared to current expectations may result in future adjustments to deferred tax asset balances.

Alternative performance measures

In reporting financial information, the Group presents alternative performance measures (APMs), which are not defined or specified under the requirements of IFRS.

The Group believes that these APMs, which are not considered to be a substitute for or superior to IFRS measures, provide stakeholders with additional helpful information on the performance of the business. The APMs are consistent with how the business performance is planned and reported within the internal management reporting to the Board. Some of these measures are also used for the purpose of setting remuneration targets.

Each of the APMs, used by the Group are set out on in the APM section of this report, including explanations of how they are calculated and how they can be reconciled to a statutory measure where relevant.

The Group reports percentage change figures for all performance measures, other than profit or loss before taxation and earnings per share, after restating prior year figures at a constant exchange rate. The constant exchange rate, which is an APM, retranslates the previous year measures at the average actual periodic exchange rates used in the current financial year. These measures are presented as a means of eliminating the effects of exchange rate fluctuations on the year-on-year reported results.

The Group makes certain adjustments to the statutory measures in order to derive APMs where relevant. The Group's policy is to exclude items that are considered to be significant in both nature and/or quantum and where treatment as an adjusted item provides stakeholders with additional useful information to assess the year-on-year trading performance of the Group.

2. Principal risks and uncertainties

In accordance with the Companies Act 2006, a description of the principal risks and uncertainties (and the mitigating factors in place in respect of these) is included below. Effective management of risks, uncertainties and opportunities is critical to our business in order to deliver long-term shareholder value and protect our people, assets and reputation. We manage risk strategically using the enterprise risk management (ERM) methodology. This enables us to identify, evaluate, manage, monitor and report on a wide range of risks, uncertainties and opportunities across the Group in an integrated way. Risk appetite is a core consideration within our ERM approach and plays an important role in addressing the Group's key risks effectively. The way we implement risk management also supports our understanding and ability to address our capacity to sustain risk over time, ensure risks are considered in decision-making across the Group and enable the Board to perform its supervisory role.

Risk environment
↑ Risk environment improving
↔ Risk environment remains stable
↓ Risk environment worsening

1. Credit risk ↔
The risk of the Group suffering financial loss if our customers fail to meet their contracted repayment obligations; or the Group fails to optimise profitable business opportunities because of our credit, collection or fraud strategies and processes.
Impact Consumer appetite for borrowing remained robust despite the uncertain economic landscape. Inflation and cost-of-living impacts on affordability improved over the course of 2024 supporting strong customer repayment behaviour. The transformation of our business in Poland to offer credit cards has been well executed and the credit performance remained in line with our expectations. The granting of a full payment institution licence in Poland will enable accelerated growth in 2025. Overall, Group credit losses were in line with our plan for the year. The impairment rate at the end of 2024 was 9.6%, within our risk appetite and below our target range of 14% to 16%.
How it is managed - Detailed, regular monitoring of customer repayments to identify specific issues. - Detailed analysis and enhancement of our credit scorecards and Credit Policy to ensure they remain optimal. - Tightening of lending rules as necessary, to protect customers and the quality of the portfolio. - Regular assessment of the external macroeconomic environment, regulatory landscape and competitor activities. - Ensuring repayments and arrears management activities remain a key part of customer representative and field management incentive schemes.

2. Future legal and regulatory development risk (previously regulatory risk) ↔

The risk that the Group suffers loss as a result of new, or a change in, existing legislation or regulation.

Impact

The second Consumer Credit Directive (CCD II), entered into force in November 2023 and EU member states are required to transpose CCD II into their national laws by 20 November 2025, with the Directive becoming fully applicable from 20 November 2026. From January 2024, the Komisja Nadzoru Finansowego (KNF) assumed supervision of all non-bank financial institutions in Poland, including our home credit and digital businesses in this market. In response to KNF requirements on credit card pricing, we introduced a new pricing structure for all new credit cards in March 2024. We also secured a full payment institution licence in Poland. In November 2024, a total cost of credit cap came into force in Romania, the impact of which is not expected to be material on the Group. We strengthened our operational risk management framework to meet the Digital Operational Resilience Act (DORA) and enhanced sustainability reporting to meet the requirements of the Corporate Sustainability Reporting Directive (CSRD).

How it is managed

- Horizon-scanning, monitoring political, legislative and regulatory developments and risks.
- Engagement with regulators, legislators, politicians and other stakeholders.
- Active participation in relevant sector associations.
- Contingency plans in place for significant regulatory changes.

3. Funding, liquidity, market and counterparty risk ↑

The risk of insufficient availability of funding, unfavourable pricing, or that performance is impacted significantly by interest rate or currency movements, or failure of a banking counterparty.

Impact

Despite an uncertain macroeconomic backdrop, we refinanced the Group's €341m Eurobond in June 2024, ahead of its maturity in November 2025. This strengthened the Group's funding position and led to Fitch Ratings upgrading IPF's credit rating to BB from BB- Outlook Stable. We also have a long-term rating of Ba3 (Outlook Stable) from Moody's Investor Services. The blended cost of funding reduced in 2024 as interest rates in our markets fell and hedging costs decreased as interest differentials narrowed. We expect the funding rate in 2025 to remain at a similar level. Weaker foreign exchange rates, particularly the Mexican peso and Hungarian forint, impacted sterling-denominated returns.

How it is managed

- Board-approved policies require us to maintain a resilient funding position with a good level of headroom on undrawn bank facilities, appropriate hedging of market risk, and appropriate limits to counterparty risk.
- Compliance with these policies is monitored on a monthly basis by the Group's Treasury Committee which is chaired by the Chief Financial Officer.
- The Board receives a comprehensive funding and liquidity overview as part of the Chief Financial Officer's report.
- The Group's funding and liquidity is managed centrally by the Group Treasurer and qualified treasury personnel.
- The Group sets cash management controls for operating markets that are subject to independent annual testing.

4. Reputation risk ↔

Risk of reputational damage due to our methods of operation, ill-informed comment, malpractice, fines or activities of some of our competition.

Impact

The financial sector remained under scrutiny and faced challenges in the run-up to elections in several of our markets. We maintain strong relationships with key stakeholders to enhance their understanding of our business model, purpose and societal role, as well as how we deliver services to our customers. We also engage with customers to ensure continued access to credit and offer repayment support when appropriate. Additionally, we contribute to best practices in lending by participating in various associations to support fair treatment of customers across the industry. Our working practices are subject to tight control and oversight to ensure our products and services are in line with legislation and customer expectations. This helps protect the business from unforeseen events that could damage our reputation. In 2024, we received awards recognising our business as a top employer, our high standards of customer experience and for being a socially responsible business.

How it is managed

- Clearly defined corporate values and ethical standards are communicated throughout the organisation.
- Employees and customer representatives undertake annual ethics e-learning training.
- Regular monitoring of key reputation drivers both internally and externally.
- Strong oversight by the senior leadership team on reputation challenges.

5. Taxation risk ↔

The risk of failure to comply with tax legislation or adoption of an interpretation of the law which cannot be sustained together with the risk of a higher future tax burden.

Impact

We continue to monitor EU and OECD developments which might be of application to the Group on an ongoing basis. 2024 was the first year in which the Group fell within the OECD's Pillar 2 rules. An assessment has been carried out and it is expected that the Group will fall within the safe harbour provisions with respect to all of the territories in which it operates and accordingly no top-up tax is expected to arise.

to arise.
For some years the Group had an Irish finance company which benefited from the Group Financing Exemption contained in the UK's Controlled Foreign Companies legislation. This legislation was the subject of a State Aid challenge by the European Commission in April 2019. In September 2024 the European Commission's Decision was annulled by a judgement of the Court of Justice of the European Union, and amounts paid under the original State Aid challenge are now repayable. Accordingly the Group has recognised a repayable amount of £15.2m in its balance sheet. Further risks associated with the Group's Irish finance company are set out in note 22.
During 2024, a number of tax audits were open across the Group, and closed with negligible findings. This includes the long-running Mexican tax audit relating to 2017. As at the end of 2024, the only open tax audit relates to the Group's digital business in Mexico, for 2019.

How it is managed

- Tax strategy and policy in place.
- Qualified and experienced tax teams at Group level and in market.
- External advice taken on material tax issues in line with Tax Policy.
- Binding rulings or clearances are obtained from authorities where appropriate.
- Appropriate oversight at Board level over taxation matters.

6. Change management risk ↔

The risk that the Group suffers losses or fails to optimise profitable growth resulting from change initiatives failing to deliver to agreed scope, time, cost and quality measures, or failing to realise desired benefits.

Impact

Effectively managing change and transformation risk is crucial for minimising negative financial impacts, maintaining high levels of employee engagement, and ensuring successful adaptation to evolving business needs. We continue to manage a large and complex change agenda driven by three key factors:

- regulatory-driven change which can have a significant impact if not addressed and prioritised;
- migration to 'Next Gen' platforms which mitigates technology debt and end-of-life risk; and
- business-driven changes reflecting strategic priorities to improve business performance.

In 2024, we enhanced our benefits realisation framework and further embedded the Group's change management framework.

How it is managed

- Change management framework and monitoring process in place.
- Appropriate methods and resources used in the delivery of change programmes.
- Continuous review of change programmes, with strong governance of all major delivery activity including:
  - alignment with Investment Appraisal Policy, owned by the finance function; and
  - a Group change capability being established in 2024, focused on synergy and consistency across the Group, and agreeing a Group-wide approach for oversight of change and transformation.

7. Brand and proposition risk ↔

The risk of brand perception deteriorating and failing to respond to market trends can limit profitable growth.

Impact

There was increased competitive activity in our markets in 2024, however there were no major new entrants serving our segment of consumers. Banks were more willing to lend to customers with a positive repayment history and Mexico remains an active fintech market with many new brands. While there is an inherent risk of disruptive new business models targeting our consumer segment, increased regulation creates barriers to entry. In response to the competitive landscape, and consumers' expectations for quick contact and online communication channels, we invested in technological, and customer experience tools and processes, including mobile apps. We also expanded our retail credit offering in Romania and Mexico, refreshed the Provident brand and continued investment in our Creditea digital brand.

How it is managed

- Product development committees and processes in place to review the product development roadmap, manage product risks and develop new products.
- Product and promotions incorporate adequate risk criteria and risk assessment protocols.
- Regular monitoring of competitors and their offerings, advertising and share of voice in our markets.
- Strategic planning and tactical responses on competition threats.
- Customer engagement and brand tracking surveys.

8. Technology risk ↓

The risk of failure to develop and maintain effective technology solutions.

Impact

A proactive approach to technology risk management is essential for maintaining the currency and capabilities of the Group in an increasingly digital landscape. In 2024, we focused on removing software components nearing technological obsolescence to reduce the Group's potential exposure to a cyber attack. We completed the replacement of telephony systems in our customer service centres in European home credit with a modern omnichannel solution. We also progressed the transition from physically-hosted data centres to a centralised cloud environment, reducing our digital footprint and, as a consequence, reducing the risk of potential cyber attack. In Mexico, we upgraded to a more modern and resilient IT infrastructure to provide a more stable and secure base to accelerate growth in the future.

How it is managed

- Ongoing reviews of partner services and relationships to ensure effective operations.
- Enterprise architecture tooling to link apps to underlying software components.
- Utilisation of vulnerability tools to identify gaps in our IT estate for both retrospective remediation and proactive testing for new developments.

- Annual review to prioritise technology investment and ensure appropriateness of the technology estate.
- Appointment of a Chief Information Security Officer.
- Engaging experienced third parties to handle security penetration testing and security network operations.

9. People risk ↔

The risk that the achievement of the long-term Group strategy and operational results may be compromised due to insufficient capacity (number) or capability (quality) in the workforce, or an inability to recruit external talent, retain key employees, or engage our people effectively.

Impact

The actions taken to align with our Next Gen strategy resulted in some fluctuations in colleague turnover, but also led to improvements in our organisational structures and operating processes. Additionally, our employee value proposition and reward strategy continues to demonstrate our effectiveness in attracting external talent. In 2024, we deepened our investment in professional development and remain committed to retaining, developing, and engaging colleagues to minimise any impact on the customer experience and the Group's overall performance. Robust processes are in place to ensure effective succession planning, the identification of key leaders and personnel, and the planning of their retention and development.

How it is managed

Our HR control environment identifies key people risks and implements controls to mitigate them, focusing on:

- Monitoring and action: Regularly assessing key people risks and addressing issues proactively.
- Strategic alignment: Ensuring objectives are aligned with the Group's strategy.

Our people processes are designed to develop significant strength and depth of talent across the Group. We also maintain the flexibility to move talent between countries, reducing our exposure to critical roles being under-resourced and ensuring continuity in key areas.

10. Information security and cyber risk ↓

The risk that the Group suffers loss, theft or corruption of information leading to breaches of relevant regulation, loss of reputation, loss of commercial advantage or other impacts on customers and colleagues. The risk that Group infrastructure, platforms and applications are compromised or damaged such that customers and colleagues cannot use or access our products and services.

Impact

We are updating our information security strategy to strengthen key controls and further enable timely detection and response to security breaches, as well as having appropriate recovery arrangements in place. The risk is also highly dependent on the behaviour of people, technology advancements and our ability to upgrade end-of-service life IT systems. Globally, the emerging threat of AI-driven cyber attacks and the increasing sophistication of cyber criminals pose significant risks. We are strengthening web, cloud and device security, implementing stricter network access controls, and enhancing colleague awareness through training. The number of cyber attacks remains substantial but we continue to defend these and strengthen our controls by implementing technical upgrades that will help create a more modern and resilient IT platform.

How it is managed

- Group-wide information security strategy, policy and priorities in place.
- Board and senior management team oversight and ownership of cyber security risk.
- Group and local security teams with core security competencies.
- Information security awareness and training conducted regularly.
- Regulatory compliance programmes to comply with emerging EU and other regulations.

3. Related parties

The Group has not entered into any material transactions with related parties during the year ended 31 December 2024.

4. Segmental analysis

Geographical segments

	2024 £m	2023 £m
Revenue		
European home credit	**328.2**	375.9
Mexico home credit	**263.8**	261.6
IPF Digital	**134.3**	130.3
Revenue	**726.3**	767.8
Impairment		
European home credit	**8.1**	35.6
Mexico home credit	**92.4**	96.7
IPF Digital	**27.0**	37.1
Impairment	**127.5**	169.4
Profit before taxation		
European home credit	**57.4**	67.7

Mexico home credit	**26.0**	23.1
IPF Digital	**17.0**	8.1
Central costs*	**(15.2)**	(15.0)
Profit before taxation	**85.2**	83.9

*Although central costs are not classified as a separate segment in accordance with IFRS 8 'Operating segments', they are shown separately above in order to provide reconciliation to profit before taxation.

	2024	2023
	£m	£m
Segment assets		
European home credit	**530.3**	558.7
Mexico home credit	**243.3**	291.2
IPF Digital	**281.3**	260.3
UK	**86.8**	78.8
Total	**1,141.7**	1,189.0
Segment liabilities		
European home credit	**(285.5)**	(289.6)
Mexico home credit	**(127.3)**	(134.3)
IPF Digital	**(195.1)**	(132.2)
UK	**(67.5)**	(131.0)
Total	**(675.4)**	(687.1)

4. Segmental analysis (continued)

	2024	2023
	£m	£m
Expenditure on intangible assets (note 11)		
European home credit	**-**	-
Mexico home credit	**-**	-
IPF Digital	**5.2**	5.4
UK	**12.6**	12.5
Total	**17.8**	17.9

	2024	2023
	£m	£m
Amortisation (note 11)		
European home credit	**-**	-
Mexico home credit	**-**	-
IPF Digital	**4.3**	4.5
UK	**8.1**	8.6
Total	**12.4**	13.1

	2024	2023
	£m	£m

Capital expenditure (note 12)		
European home credit	**1.9**	1.3
Mexico home credit	**4.0**	3.1
IPF Digital	**0.3**	0.3
UK	**0.2**	-
Total	**6.4**	4.7

	2024	2023
	£m	£m
Depreciation (note 12)		
European home credit	**3.7**	3.8
Mexico home credit	**2.7**	2.0
IPF Digital	**0.2**	0.3
UK	**0.2**	0.4
Total	**6.8**	6.5

5. Interest expense

	2024	2023
	£m	£m
Interest payable on borrowings	**69.3**	74.8
Interest payable on lease liabilities	**2.4**	2.1
Interest income	**(1.3)**	-
Interest expense	**70.4**	76.9

6. Tax expense

The pre-exceptional taxation charge on the profit for 2024 is £29.8m, which represents an effective tax rate for the year of approximately 35% (2023: 38%). The lower tax rate in 2024 reflects a number of elements, including a reduction in the disallowable impairment in Poland partly as a result of being a payments institution as well as the availability of additional tax allowances on utilisation of brought forward tax losses in Mexico. We now expect the effective tax rate on an ongoing basis to be approximately 38%, lower than previous expectations of 40%.

The 2024 results reflect an exceptional tax credit of £17.4m (2023: exceptional tax charge £4.0m). Further information relating to the exceptional tax items is shown in note 9.

The Group is subject to a tax audit in respect of the Mexican digital business (regarding 2019).

7. Earnings per share

	2024 **pence**	2023 pence
Basic EPS	**27.3**	21.5
Dilutive effect of awards	**(1.4)**	(1.3)
Diluted EPS	**25.9**	20.2

Basic earnings per share (EPS) is calculated by dividing the profit attributable to shareholders of £60.9m (2023: £48.0m) by the weighted average number of shares in issue during the period of 222.8m which has been adjusted to exclude the weighted average number of shares held in treasury and by the employee trust (2023: 223.7m).

	2024 pence	2023 pence
Basic pre-exceptional EPS	**24.9**	23.2
Dilutive effect of awards	**(1.4)**	(1.3)
Diluted pre-exceptional EPS	**23.5**	21.9

Basic pre-exceptional EPS is calculated by dividing the pre-exceptional profit attributable to shareholders of £55.4m (2023: £52.0m) by the weighted average number of shares in issue during the period of 222.8m which has been adjusted to exclude the weighted average number of shares held in treasury and by the employee trust (2023: 223.7m).

For diluted EPS the weighted average number of shares has been adjusted to 235.3m (2023: 237.5m) to assume conversion of all dilutive potential ordinary share options relating to employees of the Group.

8. Dividends

Dividend per share

	2024 pence	2023 pence
Interim dividend	**3.4**	3.1
Final proposed dividend	**8.0**	7.2
Total dividend	**11.4**	10.3

Dividends paid

	2024 £m	2023 £m
Interim dividend of 3.4 pence per share (2023: interim dividend of 3.1 pence per share)	**7.7**	6.9
Final 2023 dividend of 7.2 pence per share (2023: final 2022 dividend of 6.5 pence per share)	**16.2**	14.6
Total dividends paid	**23.9**	21.5

Reflecting the continued strong performance of the Group and our strategy to realise the long-term growth potential of the business, the Board is pleased to declare an 11.1% increase in the final dividend to 8.0 pence per share (2023: 7.2 pence per share). This is in line with our progressive dividend policy and brings the full-year dividend to 11.4 pence per share (2023: 10.3 pence per share), an increase of 10.7% compared with 2023 and represents a pre-exceptional payout rate of 46% (2023: 44%). Subject to shareholder approval, the 2024 final dividend will be paid on 12 May 2025 to shareholders on the register at the close of business on 11 April 2025. The shares will be marked ex-dividend on 10 April 2025.

9. Exceptional items

The 2024 income statement includes a net exceptional credit of £5.5m (2023: exceptional tax loss of £4.0m) which comprises the following items:

	2024 £m	2023 £m
Eurobond refinance costs	**(5.8)**	-
Poland restructuring costs	**(6.1)**	-
Exceptional items pre-tax	**(11.9)**	-
Tax credit on Eurobond refinance costs	**1.1**	-
Tax credit on Poland restructuring costs	**1.1**	-
Decision of the General Court of the EU on State Aid	**15.2**	-
Temporary Hungarian extra profit special tax	**-**	(4.0)
Exceptional tax items	**17.4**	(4.0)
Exceptional items after tax	**5.5**	(4.0)

Further information relating to the exceptional tax items is shown in the Taxation section of this report.

10. Goodwill

	2024 £m	2023 £m
Net book value at 1 January	**23.6**	24.2
Exchange adjustments	**(1.0)**	(0.6)
Net book value at 31 December	**22.6**	23.6

Goodwill is tested annually for impairment or more frequently if there are indications that goodwill might be impaired. The recoverable amount is determined from a value in use calculation, based on the expected cash flows resulting from the legacy MCB business' outstanding customer receivables. The key assumptions applied in the value in use calculation relate to the discount rates and the cash flow forecasts used. The rate used to discount the forecast cash flows is 12% (2023: 13%) and would need to increase to 15% for the goodwill balance to be impaired. The cash flow forecasts arise over a 4 year period (being the expected life of the legacy MCB business's outstanding customer receivables) and would need to be 17% lower than currently estimated for the goodwill balance to be impaired.

11. Intangible assets

	2024 **£m**	2023 £m
Net book value at 1 January	**32.3**	27.9
Additions	**17.8**	17.9
Impairment	**-**	(0.2)
Amortisation	**(12.4)**	(13.1)
Exchange adjustments	**(0.6)**	(0.2)
Net book value at 31 December	**37.1**	32.3

Intangible assets comprise computer software and are a mixture of self-developed and purchased assets. All purchased assets have had further capitalised development on them, meaning it is not possible to disaggregate fully between the relevant intangible categories.

12. Property, plant and equipment

	2024 **£m**	2023 £m
Net book value at 1 January	**16.0**	17.3
Exchange adjustments	**(1.5)**	0.6
Additions	**6.4**	4.7
Disposals	**(0.1)**	(0.1)
Depreciation	**(6.8)**	(6.5)
Net book value at 31 December	**14.0**	16.0

As at 31 December 2024, the Group had £5.5m of capital expenditure commitments contracted with third parties that were not provided for (2023: £6.7m).

13. Right-of-use assets and lease liabilities

The movement in the right-of-use assets in the period is as follows:

Right-of-use assets

	2024 **£m**	2023 £m
Net book value at 1 January	**21.7**	19.3
Exchange adjustments	**(2.2)**	0.9
Additions	**8.3**	9.8
Modifications	**-**	1.4
Depreciation	**(10.1)**	(9.7)
Net book value at 31 December	**17.7**	21.7

The recognised right-of-use assets relate to the following types of assets:

	2024 **£m**	2023 £m
Properties	**8.9**	11.0
Motor vehicles	**8.8**	10.7
Total right-of-use assets	**17.7**	21.7

The movement in the lease liability in the period is as follows:

Lease liability

	2024 **£m**	2023 £m
Lease liability at 1 January	**23.6**	21.4
Exchange adjustments	**(2.2)**	0.9
Additions	**8.3**	11.2
Interest	**2.4**	2.1
Lease payments	**(12.2)**	(12.0)
Lease liability at 31 December	**19.9**	23.6

	2024	2023
Analysed as:		
Current	**8.1**	8.3
Non-current:		
- between one and five years	**11.4**	13.7
- greater than five years	**0.4**	1.6
	11.8	15.3
Lease liability at 31 December	**19.9**	23.6

Lease liabilities are measured at the present value of the remaining lease payments, discounted using the rate implicit in the lease, or if that rate cannot be readily determined, at the lessee's incremental borrowing rate. The weighted average lessee's incremental borrowing rate applied to the lease liabilities at 31 December 2024 was 9.9% (2023: 10.1%).

The amounts recognised in profit and loss are as follows:

	2024 **£m**	2023 £m
Depreciation on right-of-use assets	**10.1**	9.7
Interest expense on lease liabilities	**2.4**	2.1
Expense relating to leases of short-term leases	**1.4**	1.7
Amounts recognised in profit and loss	**13.9**	13.5

The total cash outflow in the year in respect of lease contracts is £12.2m (2023: £12.0m).

14. Deferred tax assets

Deferred tax assets have been recognised in respect of tax losses and other temporary timing differences (principally relating to recognition of revenue and impairment) to the extent that it is probable that these assets will be utilised against future taxable profits.

15. Amounts receivable from customers

All lending is in the local currency of the country in which the loan is issued:

	2024 **£m**	2023 £m
Polish zloty	**191.6**	219.7
Czech crown	**54.1**	53.3
Euro	**105.6**	98.1
Hungarian forint	**149.2**	141.2
Mexican peso	**205.6**	229.0
Romanian leu	**111.8**	107.0
Australian dollar	**52.1**	44.6
Total receivables	**870.0**	892.9

Amounts receivable from customers are held at amortised cost and are equal to the expected future cash flows receivable discounted at the average annual effective interest rate of 99% (2023: 101%). All amounts receivable from customers are at fixed interest rates. The average period to maturity of the amounts receivable from customers is 13.5 months (2023: 13.2 months). As at 31 December 2024, in the Polish business, there are £57.1m (2023: £31.9m) of undrawn granted credit card limits.

Determining an increase in credit risk since initial recognition

IFRS 9 has the following recognition criteria:

- Stage 1: Requires the recognition of 12 month expected credit losses (the expected credit losses from default events that are expected within 12 months of the reporting date) if credit risk has not significantly increased since initial recognition.
- Stage 2: Lifetime expected credit losses for financial instruments for which the credit risk has increased significantly since initial recognition.
- Stage 3: Credit impaired.

When determining whether the risk of default has increased significantly since initial recognition the Group considers both quantitative and qualitative information based on the Group's historical experience.

The approach to identifying significant increases in credit risk is consistent across the Group's products. In addition, as a backstop, the Group considers that a significant increase in credit risk occurs when an asset is more than 30 days past due.

Financial instruments are moved back to stage 1 once they no longer meet the criteria for a significant increase in credit risk.

Definition of default and credit impaired assets

The Group defines a financial instrument as in default, which is fully-aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

- Quantitative criteria: the customer is more than 90 days past due on their contractual payments in home credit and 60 days past due on their contractual payments in IPF Digital.
- Qualitative criteria: indication that there is a measurable movement in the estimated future cash flows from a group of financial assets. For example, if prospective legislative changes are considered to impact the repayments performance of customers.

The default definition has been applied consistently to model the PD, exposure at default (EAD) and LGD throughout the Group's expected credit loss calculations.

An instrument is considered to no longer be in default (i.e. to have recovered) when it no longer meets any of the default criteria.

The breakdown of receivables by stage is as follows:

2024	**Stage 1**	**Stage 2**	**Stage 3**	**Total net receivables**
	£m	**£m**	**£m**	**£m**
Home credit	**443.2**	**56.7**	**119.1**	**619.0**
IPF Digital	**234.7**	**10.9**	**5.4**	**251.0**
Group	**677.9**	**67.6**	**124.5**	**870.0**

2023	Stage 1	Stage 2	Stage 3	Total net receivables
	£m	£m	£m	£m
Home credit	436.8	74.4	151.3	662.5
IPF Digital	213.6	10.3	6.5	230.4
Group	650.4	84.7	157.8	892.9

The Group has one class of loan receivable and no collateral is held in respect of any customer receivables.

Gross carrying amount and loss allowance

The amounts receivable from customers includes a provision for the loss allowance, which relates to the expected credit losses on each agreement. The gross carrying amount is the present value of the portfolio before the loss allowance provision is deducted. The gross carrying amount less the loss allowance is equal to the net receivables.

2024	**Stage 1**	**Stage 2**	**Stage 3**	**Total net receivables**
	£m	**£m**	**£m**	**£m**
Gross carrying amount	**802.0**	**128.9**	**366.6**	**1,297.5**
Loss allowance	**(124.1)**	**(61.3)**	**(242.1)**	**(427.5)**
Group	**677.9**	**67.6**	**124.5**	**870.0**

2023	Stage 1	Stage 2	Stage 3	Total net receivables
	£m	£m	£m	£m
Gross carrying amount	799.7	159.5	441.9	1,401.1
Loss allowance	(149.3)	(74.8)	(284.1)	(508.2)
Group	650.4	84.7	157.8	892.9

16. Borrowing facilities and borrowings

The maturity of the Group's external bond and external bank borrowings and facilities is as follows:

	2024		2023	
	Borrowings	**Facilities**	Borrowings	Facilities
	£m	**£m**	£m	£m
Repayable:				
- in less than one year	**92.8**	**170.3**	52.2	98.0
- between one and two years	**47.6**	**78.9**	330.5	364.6
- between two and five years	**375.5**	**407.7**	129.1	166.1
	423.1	**486.6**	459.6	530.7
Total borrowings	**515.9**	**656.9**	511.8	628.7

Total borrowings	[illegible]	[illegible]	[illegible]	[illegible]

Total undrawn facilities as at 31 December 2024 were £133.4m (2023: £112.2m), excluding £7.6m unamortised arrangement fees and issue discount (2023: £4.7m).

17. Derivative financial instruments

At 31 December 2024 the Group had an asset of £2.6m and a liability of £1.6m (2023: £2.9m asset and £4.4m liability) in respect of foreign currency contracts. Foreign currency contracts are in place to hedge foreign currency cash flows. Where these cash flow hedges are effective, in accordance with IFRS, movements in their fair value are taken directly to reserves.

18. Retirement benefit asset

The amounts recognised in the balance sheet in respect of the retirement benefit obligation are as follows:

	2024	2023
	£m	£m
Diversified growth funds	**3.1**	1.6
Corporate bonds	**8.4**	7.6
Equities	**3.5**	0.9
Liability driven investments	**10.7**	19.7
Other	**0.6**	0.6
Total fair value of scheme assets	**26.3**	30.4
Present value of funded defined benefit obligations	**(21.9)**	(24.3)
Net asset recognised in the balance sheet	**4.4**	6.1

The credit recognised in the income statement in respect of defined benefit pension costs is £0.3m (2023: £0.1m).

19. Provisions for liabilities and charges

The Group has £2.8m payable to employees outstanding at 31 December 2024 relating to the exceptional item (see note 9) following the restructure exercise in Poland earlier in the year.

20. Fair values of financial assets and liabilities

IFRS 13 requires disclosure of fair value measurements of derivative financial instruments by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

With the exception of derivatives, which are held at fair value, amounts receivable from customers, and bonds, the carrying value of all other financial assets and liabilities (which are short-term in nature) is considered to be a reasonable approximation of their fair value. Details of the significant assumptions made in determining the fair value of amounts receivable from customers and bonds are included below, along with the fair value of other Group assets and liabilities.

Except as detailed in the following table, the carrying value of financial assets and liabilities recorded at amortised cost, which are all short-term in nature, are a reasonable approximation of their fair value:

	2024		2023	
	Fair value	**Carrying value**	Fair value	Carr val
	£m	**£m**	£m	£
Financial assets				
Amounts receivable from customers	**1,124.5**	**870.0**	1,139.3	89
	1,124.5	**870.0**	1,139.3	89
Financial liabilities				
Bonds	**468.2**	**433.4**	420.8	42
Bank borrowings	**82.5**	**82.5**	83.6	83

borrowings

	550.7	**515.9**	504.4	51[illegible]

The fair value of amounts receivable from customers has been derived by discounting expected future cash flows (as used to calculate the carrying value of amounts due from customers), net of collection costs, at the Group's weighted average cost of capital which we estimate to be 12% (2023: 13%) which is assumed to be a proxy for the discount rate that a market participant would use to price the asset.

Under IFRS 13 'Fair value measurement', receivables are classed as level 3 as their fair value is calculated using future cash flows that are unobservable inputs.

The fair value of the bonds has been calculated by reference to their market value where market prices are available.

The carrying value of bank borrowings is deemed to be a good approximation of their fair value. Bank borrowings can be repaid within six months if the Group decides not to roll over for further periods up to the contractual repayment date. The impact of discounting would therefore be negligible.

Derivative financial instruments are held at fair value which is equal to the expected future cash flows arising as a result of the derivative transaction.

For other financial assets and liabilities, which are all short-term in nature, the carrying value is a reasonable approximation of their fair value.

21. Reconciliation of profit after taxation to cash generated from operating activities

	2024 **£m**	2023 £m
Profit after taxation from operations	**60.9**	48.0
Adjusted for:		
Tax charge	**12.4**	35.9
Finance costs	**71.7**	76.9
Finance income	**(1.3)**	-
Share-based payment charge	**1.7**	2.7
Depreciation of property, plant and equipment (note 12)	**6.8**	6.5
Loss on disposal of property, plant and equipment (note 12)	**-**	0.1
Depreciation of right-of-use assets (note 13)	**10.1**	9.7
Amortisation of intangible assets (note 11)	**12.4**	13.1
Impairment of intangible assets (note 11)	**-**	0.2
Short term and low value lease costs (note 13)	**1.4**	1.7
Changes in operating assets and liabilities:		
Increase in amounts receivable from customers	**(58.8)**	(3.8)
(Increase)/decrease in other receivables	**(10.4)**	0.9
Increase in trade and other payables	**7.6**	4.8
Change in provisions	**2.8**	(4.7)
Change in retirement benefit asset	**(0.3)**	(0.1)
(Decrease)/increase in derivative financial instrument liabilities	**(2.9)**	1.5
Cash generated from operating activities	**114.1**	193.4

22. Contingent liabilities

In December 2020 HMRC initiated a review of the Group's finance company's compliance with certain conditions under the UK domestic tax rules to confirm whether the company is eligible for the benefits of the Group Financing Exemption which it has claimed in its historic tax returns. IPF believes that all conditions have been complied with and have sought legal advice with regard to the interpretation of the relevant legislative condition. The legal advice confirmed IPF's view and assessed that, in the event that HMRC were to take the matter to Tribunal, it is more likely than not that the company would succeed in defending its position. In the unexpected event that HMRC were to conclude that the company is not in compliance with the conditions and to pursue the matter in Tribunal, and won, the amount at stake for all open years is £8.8 million. It is of note that although HMRC issued a protective Discovery Assessment with respect to 2016, so far no actual challenge has been made to the company's filing position and HMRC have simply requested information.

Other legal actions and regulatory matters

In addition, in the course of its business the Group is subject to other complaints and threatened or actual legal proceedings (including class or group action claims) brought by or on behalf of current or former employees, customer representatives, customers, investors or other third parties. This extends to legal and regulatory challenges and investigations (including relevant consumer bodies) combined with tax authorities taking a view that is different to the view the Group has taken on the tax treatment in its tax returns. Where material, such matters are periodically reassessed, with the assistance of external professional advisers where appropriate, to determine the likelihood of the Group incurring a liability. In those instances where it is concluded that it is more likely than not that a payment will be made, a provision is established based on management's best estimate of the amount required at the relevant balance sheet date. In some cases, it may not be possible to form a view, for example because the facts are unclear or because further time is needed to assess properly the merits of the case, and no provisions are held in relation to such matters. In these circumstances, specific disclosure in relation to a contingent liability will be made where material. However, the Group does not currently expect the final outcome of any such case to have a material adverse effect on its financial position, operations or cash flows.

23. Average and closing foreign exchange rates

The table below shows the average exchange rates for the relevant reporting periods and closing exchange rates at the relevant period ends.

	Average 2024	**Closing 2024**	Average 2023	Closing 2023
Polish zloty	**5.1**	**5.2**	5.2	5.0
Czech crown	**29.6**	**30.4**	27.9	28.5
Euro	**1.2**	**1.2**	1.1	1.2
Hungarian forint	**466.9**	**496.9**	437.3	441.3
Mexican peso	**23.0**	**26.0**	21.9	21.5
Romanian leu	**5.9**	**6.0**	5.7	5.7
Australian dollar	**1.9**	**2.0**	1.9	1.9

The £57.3m exchange loss (2023: gain of £22.8m) on foreign currency translations shown within the statement of comprehensive income arises on retranslation of net assets denominated in currencies other than sterling, due to the change in foreign exchange rates against sterling between December 2023 and December 2024 shown in the table above.

24. Going concern

In considering whether the Group is a going concern, the Board has taken into account the Group's 2025 business plan and its principal risks (with particular reference to macroeconomic and regulatory risks). The forecasts have been prepared for the two years to 31 December 2026 and include projected profit and loss, balance sheet, cashflows, borrowings, headroom against debt facilities and funding requirements. These forecasts represent the best estimate of the Group's expected performance, and in particular the evolution of customer lending and repayments cashflows.

The financial forecasts have been stress tested in a range of downside scenarios to assess the impact on future profitability, funding requirements and covenant compliance. The scenarios reflect the crystallisation of the Group's principal risks, with particular reference to macroeconomic and regulatory risks. Consideration has also been given to multiple risks crystallising concurrently and the availability of mitigating actions that could be taken to reduce the impact of the identified risks. In addition, we examined a reverse stress test on the financial forecasts to assess the extent to which a macroeconomic scenario would need to impact our operational performance in order to breach a covenant. This showed that net revenue would need to deteriorate significantly from the financial forecast and the Directors have a reasonable expectation that it is unlikely to deteriorate to this extent.

At 31 December 2024, the Group had £138m of non-operational cash and headroom against its debt facilities (comprising a range of bonds and bank facilities), which have a weighted average maturity of 3.0 years. The total debt facilities as at 31 December 2024 amounted to £657m of which £170m (including £35m which is uncommitted) is due for renewal over the following 12 months. A combination of these debt facilities, the embedded business flexibility in respect of cash generation and a successful track record of accessing funding from debt capital markets over a long period (including periods with challenging macroeconomic conditions and a changing regulatory environment, tested in both 2020 and 2022), are expected to meet the Group's funding requirements for the foreseeable future (12 months from the date of approval of this report). Taking these factors into account, together with regulatory risks set out in note 2, the Board has a reasonable expectation that the Group has adequate resources to continue in operation for the foreseeable future. For this reason, the Board has adopted the going concern basis in preparing this full-year financial report.

Responsibility statement

This statement is given pursuant to Rule 4 of the Disclosure Guidance and Transparency Rules.

It is given by each of the directors as at the date of this report, namely: Stuart Sinclair, Chair; Gerard Ryan, Chief Executive Officer; Gary Thompson, Chief Financial Officer; Katrina Cliffe, Senior independent non-executive director; Deborah Davis, non-executive director; Richard Holmes, non-executive director and Aileen Wallace, non-executive director.

To the best of each director's knowledge:

a) the financial information, prepared in accordance with the IFRSs, give a true and fair view of the assets, liabilities, financial position and profit of the Company and the undertakings included in the consolidation taken as a whole; and

b) the management report contained in this report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Alternative performance measures

This financial report provides alternative performance measures (APMs) which are not defined or specified under the requirements of International Financial Reporting Standards. We believe these APMs provide readers with important additional information on our business. To support this we have included a reconciliation of the APMs we use, where relevant, and a glossary indicating the APMs that we use, an explanation of how they are calculated and why we use them.

APM	Closest equivalent statutory measure	Reconciling items to statutory measure	Definition and purpose
Income statement measures			
Customer lending growth at constant exchange rates (%)	None	Not applicable	Customer lending is the principal value of loans advanced to customers and is an important measure of the level of lending in the business. Customer lending growth is the period-on-period change in this metric which is calculated by retranslating the previous year's customer lending at the average actual exchange rates used in the current financial year. This ensures that the measure is presented having eliminated the effects of exchange rate fluctuations on the period-on-period reported results.
Closing net receivables growth at constant exchange rates (%)	None	Not applicable	Closing net receivables growth is the period-on-period change in closing net receivables which is calculated by retranslating the previous year's closing net receivables at the closing actual exchange rate used in the current financial year. This ensures that the measure is presented having eliminated the effects of exchange rate fluctuations on the period-on-period reported results.
Revenue growth at constant exchange rates (%)	None	Not applicable	The period-on-period change in revenue which is calculated by retranslating the previous year's revenue at the average actual exchange rates used in the current financial year. This measure is presented as a means of eliminating the effects of exchange rate fluctuations on the period-on-period reported results.
Revenue yield (%)	None	Not applicable	Revenue yield is reported revenue divided by average gross receivables (before impairment provision) and is an indicator of the return being generated from average gross receivables.
Impairment rate (%)	None	Not applicable	Impairment as a percentage of average gross receivables (before impairment provision) and represents a measure of credit quality that is used across the business.
Cost-income ratio (%)	None	Not applicable	The cost-income ratio is costs, including customer representatives' commission, excluding interest expense, divided by reported revenue. This is useful for comparing performance across markets.

Alternative performance measures (continued)

APM	Closest equivalent statutory measure	Reconciling items to statutory measure	Definition and purpose
Balance sheet and returns measures			
Equity to receivables ratio (%)	None	Not applicable	Total equity divided by amounts receivable from customers. This is a measure of balance sheet strength and the Group targets a ratio of around 40%.
Headroom (£m)	Undrawn external bank facilities	Not applicable	Calculated as the sum of undrawn external bank facilities and non-operational cash.

Net debt (£m)	None	Not applicable	Borrowings less cash.
Gross receivables (£m)	Net customer receivables	Not applicable	Gross receivables is the same definition as gross carrying amount as per note 15.
Impairment coverage ratio	None	Not applicable	Expected loss allowance divided by gross receivables (before impairment provision).
Pre-exceptional RoE (%)	None	Not applicable	Return on equity (RoE) calculated as annual pre-exceptional profit after tax divided by average net assets over the same period.
Pre-exceptional RoRE (%)	None	Not applicable	Return on required equity (RoRE) is calculated as annual pre-exceptional profit after tax divided by required equity of 40% of average net receivables.
Other measures			
Customers	None	Not applicable	Customers that are being served by our customer representatives or through our money transfer product in the home credit business and customers that are not in default in our digital business.

Constant exchange rate reconciliations

2024

£m	European home credit	Mexico home credit	IPF Digital	Central costs	Group
Customers (000)	**725**	**680**	**247**	**-**	**1,652**
Average gross receivables	**706.0**	**306.9**	**314.6**	**-**	**1,327.5**
Closing net receivables	**459.6**	**159.4**	**251.0**	**-**	**870.0**
Customer lending	**662.1**	**289.2**	**263.2**	**-**	**1,214.5**
Revenue	**328.2**	**263.8**	**134.3**	**-**	**726.3**
Impairment	**(8.1)**	**(92.4)**	**(27.0)**	**-**	**(127.5)**
Net revenue	**320.1**	**171.4**	**107.3**	**-**	**598.8**
Interest expense	**(37.6)**	**(14.4)**	**(18.3)**	**(0.1)**	**(70.4)**
Costs	**(225.1)**	**(131.0)**	**(72.0)**	**(15.1)**	**(443.2)**
Profit/(loss) before tax	**57.4**	**26.0**	**17.0**	**(15.2)**	**85.2**

2023 performance, at 2023 average foreign exchange rates

£m	European home credit	Mexico home credit	IPF Digital	Central costs	Group
Customers (000)	754	716	230	-	1,700
Average gross receivables	791.1	299.4	298.4	-	1,388.9
Closing net receivables	475.4	187.1	230.4	-	892.9
Customer lending	601.7	302.8	246.1	-	1,150.6
Revenue	375.9	261.6	130.3	-	767.8
Impairment	(35.6)	(96.7)	(37.1)	-	(169.4)
Net revenue	340.3	164.9	93.2	-	598.4
Interest expense	(47.4)	(12.1)	(17.3)	(0.1)	(76.9)
Costs	(225.2)	(129.7)	(67.8)	(14.9)	(437.6)
Profit/(loss) before tax	67.7	23.1	8.1	(15.0)	83.9

Foreign exchange movements

£m	European home credit	Mexico home credit	IPF Digital	Central costs	Group
Average gross receivables	(16.1)	(16.6)	(7.3)	-	(40.0)
Closing net receivables	(29.3)	(32.3)	(16.9)	-	(78.5)
Customer lending	(13.6)	(17.7)	(6.7)	-	(38.0)
Revenue	(7.2)	(15.2)	(3.7)	-	(26.1)
Impairment	0.2	6.1	1.5	-	7.8
Net revenue	(7.0)	(9.1)	(2.2)	-	(18.3)
Interest expense	0.9	0.7	0.4	-	2.0
Costs	3.7	6.5	1.2	-	11.4
	(2.4)	(1.9)	(0.6)	-	(4.9)

Constant exchange rate reconciliations (continued)

2023 performance, restated at 2024 average foreign exchange rates

£m	European home credit	Mexico home credit	IPF Digital	Central costs	Group
Average gross receivables	775.0	282.8	291.1	-	1,348.9
Closing net receivables	446.1	154.8	213.5	-	814.4
Customer lending	588.1	285.1	239.4	-	1,112.6
Revenue	368.7	246.4	126.6	-	741.7
Impairment	(35.4)	(90.6)	(35.6)	-	(161.6)
Net revenue	333.3	155.8	91.0	-	580.1
Interest expense	(46.5)	(11.4)	(16.9)	(0.1)	(74.9)
Costs	(221.5)	(123.2)	(66.6)	(14.9)	(426.2)

Year-on-year movement at constant exchange rates

	European home credit	Mexico home credit	IPF Digital	Central costs	Group
Average gross receivables	(8.9%)	8.5%	8.1%	-	(1.6%)
Closing net receivables	3.0%	3.0%	17.6%	-	6.8%
Customer lending	12.6%	1.4%	9.9%	-	9.2%
Revenue	(11.0%)	7.1%	6.1%	-	(2.1%)
Impairment	77.1%	(2.0%)	24.2%	-	21.1%
Net revenue	(4.0%)	10.0%	17.9%	-	3.2%
Interest expense	19.1%	(26.3%)	(8.3%)	-	6.0%
Costs	(1.6%)	(6.3%)	(8.1%)	(1.3%)	(4.0%)

Balance sheet and returns measures

Average gross receivables (before impairment provisions) are used in the revenue yield and impairment rate calculations.

Average gross receivables

	2024 £m	2023 £m
European home credit	**706.0**	791.1
Mexico home credit	**306.9**	299.4
IPF Digital	**314.6**	298.4
Group	**1,327.5**	1,388.9

The impairment coverage ratio is calculated as loss allowance divided by gross carrying amount.

Impairment coverage ratio

	2024 £m	2023 £m
Closing gross carrying amount	**1,297.5**	1,401.1
Loss allowance	**(427.5)**	(508.2)
Closing net receivables	**870.0**	892.9
Impairment coverage ratio	**32.9%**	36.3%

Pre-exceptional return on equity (RoE) is calculated as annual pre-exceptional profit after tax divided by pre-exceptional equity.

Pre-exceptional RoE

	2024 £m	2023 £m	2022 £m
Equity (net assets)	**466.3**	501.9	445.2
Exceptional items	**(5.5)**	4.0	(10.5)
Pre-exceptional equity	**460.8**	505.9	434.7
Average pre-exceptional equity	**483.4**	470.3	
Profit after tax	**60.9**	48.0	
Exceptional items	**(5.5)**	4.0	
Pre-exceptional profit after tax	**55.4**	52.0	
Pre-exceptional RoE	**11.5%**	11.1%	

Return on required equity (RoRE) is calculated as annual pre-exceptional profit after tax divided by required equity of 40% of average net receivables.

Pre-exceptional RoRE 2024	European home credit £m	Mexico home credit £m	IPF Digital £m	Group £m
Closing net receivables 2024	**459.6**	**159.4**	**251.0**	**870.0**
Closing net receivables 2023	**475.4**	**187.1**	**230.4**	**892.9**
Average net receivables	**467.5**	**173.3**	**240.7**	**881.5**
Equity (net assets) at 40%	**187.0**	**69.3**	**96.3**	**352.6**
Pre-exceptional profit before tax	**57.4**	**26.0**	**17.0**	**85.2**
Tax at 35%	**(20.1)**	**(9.1)**	**(6.0)**	**(29.8)**
Pre-exceptional profit after tax	**37.3**	**16.9**	**11.0**	**55.4**
Pre-exceptional RoRE	**19.9%**	**24.4%**	**11.4%**	**15.7%**

Pre-exceptional RoRE 2023	European home	Mexico

	credit £m	home credit £m	IPF Digital £m	Group £m
Closing net receivables 2023	475.4	187.1	230.4	892.9
Closing net receivables 2022	496.3	158.5	214.0	868.8
Average net receivables	485.8	172.8	222.2	880.8
Equity (net assets) at 40%	194.3	69.1	88.9	352.3
Pre-exceptional profit before tax	67.7	23.1	8.1	83.9
Tax at 38%	(25.7)	(8.8)	(3.1)	(31.9)
Pre-exceptional profit after tax	42.0	14.3	5.0	52.0
Pre-exceptional RoRE	21.6%	20.7%	5.6%	14.8%

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